

Exhibit 8

Page 1

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2 UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

3 -----X

4 IN RE:
5 RESIDENTIAL CAPITAL, LLC, et al.

6 -----X

7 Civil Action No. 12-12020 (MG)

8 -----X

9

10 ***CONFIDENTIAL***

11 DEPOSITION OF RON D'VARI

12 New York, New York

13 July 25, 2013

14

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18 Reported by:
19 Rebecca Schaumloffel, RPR, CLR
20 Job No: 64177

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23

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Page 2

Page 3

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2
3 July 25, 2013
4 9:08 a.m.
5
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7
8 Deposition of RON D'VARI, held at
9 the offices of McKool Smith, One Bryant Park,
10 New York, New York, before Rebecca
11 Schaumloffel, a Registered Professional
12 Reporter, Certified Livenote Reporter and
13 Notary Public of the State of New York.

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Page 5

1
2 APPEARANCES (continued:)

APPEARANCES (continued:)

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26 BY: WILLIAM HAO, ESQ.

Richard Kelly, NewOak
Scott Gibson, Mountainview

* * *

<p style="text-align: right;">Page 6</p> <p>1 R. D'VARI 2 R O N D'V A R I, called as a witness, 3 having been duly sworn, testified as follows: 4 EXAMINATION BY 5 MR. CARNEY:</p> <p>6 Q. Good morning, Dr. D'Vari. I'm Michael Carney from McKool Smith, and we represent Freddie Mac in this matter.</p> <p>7 And have you been deposed before?</p> <p>8 A. Yes, I have.</p> <p>9 Q. Okay. So I am sure you understand the -- understand the rules of a deposition, but to answer my questions under oath and I need verbal answers, so try to, instead of nodding, no gestures, please answer the questions verbally, and of course, if something is confusing and you don't understand, ask me, I will rephrase it, and if you need a break, just answer the question pending and then we will break after that.</p> <p>10 And one important thing your counsel may object to something I say. 11 Unless he instructs you not to answer, please answer the question after he interposes his objection.</p>	<p style="text-align: right;">Page 7</p> <p>1 R. D'VARI 2 So you said you have been deposed before. About how many times?</p> <p>3 A. Two times.</p> <p>4 Q. Can you tell me about those times?</p> <p>5 A. One in 2008 and once 2011.</p> <p>6 Q. So --</p> <p>7 A. Or '12.</p> <p>8 Q. In 2008, can you tell me what your role was in the case?</p> <p>9 A. I was an expert witness.</p> <p>10 Q. Can you just kind of tell me a little bit about what the case was about?</p> <p>11 A. The case was confidential.</p> <p>12 Q. Okay. Can you tell me what it was about at all?</p> <p>13 A. Sub prime, essentially. OTTI analysis, Other Than Temporary Impairments.</p> <p>14 Q. Okay. Can you tell me, without breaking any sort of Confidentiality Agreement you agreed to, can you tell me sort of the nature of your opinion in that matter?</p> <p>15 MR. NAPOLI: Objection. I think we are touching upon confidential</p>
<p style="text-align: right;">Page 8</p> <p>1 R. D'VARI 2 information here.</p> <p>3 MR. CARNEY: So are you instructing him not to answer anything surrounding that case?</p> <p>4 MR. NAPOLI: Yes.</p> <p>5 Q. What was the second time you were deposed?</p> <p>6 A. In 2012. '11, '12.</p> <p>7 Q. And can you tell me about the case you were deposed in in 2012?</p> <p>8 A. No, it was a confidential matter as well.</p> <p>9 Q. Can you tell me generally, without impinging on any confidentiality that you had agreed to, what the matter was about?</p> <p>10 MR. NAPOLI: Objection. This is, again, we are touching upon confidential information that he cannot speak to. So I am instructing him not to answer that question.</p> <p>11 MR. CARNEY: Even without mentioning the parties, without mentioning, he can't even tell me about what the case was about?</p>	<p style="text-align: right;">Page 9</p> <p>1 R. D'VARI 2 MR. NAPOLI: I think he has given you an idea of it.</p> <p>3 MR. CARNEY: Not for the 2011-case, he hasn't told me anything. I just want know what it is about. Whether he was an expert. What it was about.</p> <p>4 MR. NAPOLI: General, very general discussion.</p> <p>5 A. Evaluation, essentially, and market conditions and sub-prime mortgages.</p> <p>6 Q. So in both of those cases that you testified as -- that you were deposed in 2008 and 2012, those all had to do with the -- with sub-prime mortgages, generally?</p> <p>7 A. Structured products and RMBS and sub-prime, correct. Clarification, sub-prime, I mean non-agency RMBS.</p> <p>8 Q. When you mean non-agency RMBS, what do you mean by that?</p> <p>9 A. Meanings things are not conforming, Freddie and Fannie guaranteed bonds. Anything such as Alt A sub-prime and non-agency mortgages. Agency being Freddie</p>

	Page 10	Page 11
1	R. D'VARI	
2	and/or one of the government guarantees,	1 R. D'VARI
3	GSEs.	2 MR. CARNEY: I can ask him if he
4	Q. Were you an expert in the 2012	3 had the conversation. I didn't ask
5	matter, too, 2011 matter as well?	4 what it was about.
6	A. I'm sorry?	5 MR. LAWRENCE: You can answer
7	Q. Were you an expert in that case	6 yes or no.
8	as well?	7 A. Yes.
9	A. Yes, I was.	8 Q. About how many conversations did
10	Q. So have you ever appeared as a	9 you have?
11	witness at trial?	10 A. Two.
12	A. No.	11 Q. And during those conversations to
13	Q. In any matter, not as an expert?	12 prepare for your deposition, did you receive
14	A. In any matter.	13 any information from counsel that you relied
15	Q. Have you done anything to prepare	14 upon in forming your opinions in this case?
16	for your deposition today?	15 A. No.
17	A. Yes.	16 Q. So other than meeting with your
18	Q. Can you just describe for me what	17 counsel, did you have any other meetings or
19	you have done?	18 discussions with anyone else to prepare for
20	A. I read my Declaration once more.	19 your deposition?
21	Q. Did you have any conversations	20 A. Typically I speak to my team,
22	with your counsel to prepare for this	21 review the work that we have all done.
23	deposition?	22 Q. Okay. Did you do that in this
24	MR. NAPOLI: Objection. That's	23 instance?
25	legally privileged, isn't it?	24 A. Yes, I did.
		25 Q. Who did you talk to?
	Page 12	Page 13
1	R. D'VARI	1 R. D'VARI
2	A. My analyst as well as my	2 Q. If you don't know, if you forgot,
3	associates and managing directors that have	3 fair enough. I won't tell him that. Those
4	been involved and used in my normal course of	4 are the only three people from NewOak that
5	work.	5 you talked about to prepare for your
6	Q. Okay. Can you -- how many people	6 deposition today?
7	are we talking about here?	7 A. That is the three I recall.
8	A. Three, four.	8 Q. Three, okay. Those were the
9	Q. Okay. Can you tell me who they	9 three?
10	were and what they do?	10 A. Yes.
11	A. They are NewOak employees and	11 Q. Okay. During those conversations
12	they are primarily analysts for residential	12 with your -- with those NewOak employees, did
13	mortgage backed securities, and they report	13 you receive any information that you relied
14	to myself as the head of advisory.	14 upon to form your opinions in the case?
15	Q. Can you just tell me their names	15 A. New information?
16	so I can kind of complete the record?	16 Q. Yes.
17	MR. CARNEY: You can answer.	17 A. No.
18	A. Alex Selinger. Roger Piekta,	18 Q. Did they provide you any
19	P-I-E-K-T-A. Harood. For some reason I am	19 documents that you haven't already provided
20	skipping his last name.	20 to us, to your knowledge?
21	Q. You just don't know it?	21 A. No. We're actually working on
22	A. No, I just skipped.	22 documents that we were submitting to your
23	MR. LAWRENCE: If you know it,	23 side.
24	you can answer it.	24 Q. Okay.
25	A. No, I don't.	25 A. Essentially preparing for sending

<p style="text-align: right;">Page 14</p> <p>1 R. D'VARI 2 material. 3 Q. I see. And were those, I am not 4 sure I introduced these, but I will introduce 5 these as exhibits D'Vari 1, 2 and 3. 6 (Whereupon, D'Vari Exhibit 1, 7 Home Price Index Used In Analysis was 8 marked for identification as of this 9 date by the Reporter.) 10 (Whereupon, D'Vari Exhibit 2, 11 Index Parameters Used In Analysis was 12 marked for identification as of this 13 date by the Reporter.) 14 (Whereupon, D'Vari Exhibit 3, 15 Import to Analysis was marked for 16 identification as of this date by the 17 Reporter.) 18 Q. If you can just review those 19 documents for a moment. 20 A. I think I -- 21 Q. Do you recognize those documents? 22 A. Sure, I do. 23 Q. Can you just tell me what 24 they are? 25 A. Should I refer to the exhibit</p>	<p style="text-align: right;">Page 15</p> <p>1 R. D'VARI 2 numbers? 3 Q. Yes. Let's start with Exhibit 1. 4 A. Exhibit 1 is -- refers to the, 5 effectively, home price index that are used 6 for our typical analysis. 7 Q. Okay. And Exhibit 2? 8 A. Exhibit 2 is unemployment as of 9 April 2013 based on our analysis. 10 Q. No, I think that's a separate 11 worksheet included. 12 A. I'm sorry. These are all 13 Exhibit 1? 14 Q. Yes, they are included in the 15 same worksheet. 16 A. I'm sorry. 17 Q. Then Exhibit 2 is the second one. 18 A. Yes. Those are effectively 19 the -- effectively you are looking at 20 index -- index parameters that were used in 21 our analysis. 22 Q. Then Exhibit 3? 23 A. Exhibit 3 is really the import 24 that goes to the analysis. 25 Q. Now, you said that you were</p>
<p style="text-align: right;">Page 16</p> <p>1 R. D'VARI 2 working with your three employees to 3 produce -- to work on documents that you were 4 going to produce to McKool Smith. Are those 5 the documents that you were working on? 6 A. Yes, they are. 7 Q. Did you work on any other 8 documents with your employees before this 9 deposition, related to your Declaration? 10 A. Primarily these documents. 11 Q. Anything else? 12 A. As it relates to this? 13 Q. Yes. 14 A. We generally, you know, discuss 15 and look at our models and things of that 16 nature. But not -- but that's it. 17 Q. Okay. So aside from those 18 documents, what else did you look at prior to 19 prepare for your deposition today? 20 A. No documents. These and the 21 testimony -- the Declaration that I provided. 22 Q. Thank you. How is your firm 23 being compensated for your work in this 24 matter? 25 A. Effectively, at a fixed -- as, A,</p>	<p style="text-align: right;">Page 17</p> <p>1 R. D'VARI 2 we have an hourly rate, fixed hourly rate 3 schedule and also per CUSIP and calculation 4 analysis. 5 Q. Now I didn't -- strike that. 6 What is the -- so can you 7 describe for me your compensation structure, 8 what your hourly rate is and the CUSIP -- 9 A. It varies by the level of the 10 employees, from analysts to managing director 11 to essentially the principal or the expert, 12 which in this case would be me. 13 Q. So what's a range? 14 A. I don't know the exact range 15 because I don't review really the engagement 16 letter and all those matters. But the range 17 should be anywhere from, you know, 400 to 18 potentially to 950. 19 Q. When you said you get, I believe 20 you said you are paid to do with the CUSIPs, 21 what does that mean? 22 A. Well, each tranche of interest 23 within a trust essentially has designation 24 that is recognized by market and those 25 designations are called CUSIPs in the United</p>

Page 18	Page 19
<p>1 R. D'VARI</p> <p>2 States.</p> <p>3 Q. Right. But you said that that</p> <p>4 had -- that had something to do with your</p> <p>5 compensation?</p> <p>6 A. Sure. We perform an analysis on</p> <p>7 a particular CUSIP that work on that and that</p> <p>8 depends on the number of parts set up, we get</p> <p>9 paid essentially a fixed fee on that.</p> <p>10 Q. So how much is that fixed fee?</p> <p>11 A. I don't recall.</p> <p>12 Q. You don't recall, okay. Now I</p> <p>13 saw that you -- did you file a retention</p> <p>14 application with the bankruptcy court?</p> <p>15 A. Did I?</p> <p>16 Q. Your firm.</p> <p>17 A. I believe so. I don't know the</p> <p>18 exact circumstances. Counsel handled that.</p> <p>19 Q. Okay. Do you know if you were --</p> <p>20 if your retention was approved by the</p> <p>21 bankruptcy court?</p> <p>22 MR. NAPOLI: Objection.</p> <p>23 A. Again, I don't have any</p> <p>24 information on that.</p> <p>25 MR. NAPOLI: Objection. That's</p>	<p>1 R. D'VARI</p> <p>2 privileged information.</p> <p>3 MR. CARNEY: How is his</p> <p>4 retention, his compensation privileged</p> <p>5 information? I mean, if he was</p> <p>6 approved by the bankruptcy court,</p> <p>7 there would be an order on the docket</p> <p>8 and I didn't see one.</p> <p>9 MR. LAWRENCE: I think what</p> <p>10 Mr. Napoli is saying, to the extent</p> <p>11 there is information you learned only</p> <p>12 through counsel, you shouldn't</p> <p>13 disclose your communications with</p> <p>14 counsel.</p> <p>15 MR. CARNEY: I think if it has</p> <p>16 do with his compensation structure,</p> <p>17 we can.</p> <p>18 MR. LAWRENCE: I don't know that</p> <p>19 it has anything to do with his</p> <p>20 compensation structure, per se, but go</p> <p>21 ahead and ask your question</p> <p>22 Mr. Carney.</p> <p>23 Q. All I want to know is do you know</p> <p>24 if your retention was approved by the</p> <p>25 bankruptcy court?</p>
Page 20	Page 21
<p>1 R. D'VARI</p> <p>2 A. Again, the counsel handled the --</p> <p>3 that work. I was just provided the</p> <p>4 information that was required.</p> <p>5 Q. So you don't know?</p> <p>6 A. I don't know the exact</p> <p>7 circumstances, no.</p> <p>8 Q. But do you have a formal</p> <p>9 engagement letter with Residential Capital?</p> <p>10 A. Yes, we do.</p> <p>11 MR. CARNEY: I just request that</p> <p>12 you provide me with that.</p> <p>13 MR. LAWRENCE: It's been filed</p> <p>14 with the court.</p> <p>15 MR. CARNEY: It has been, okay.</p> <p>16 Q. So do you know if you need court</p> <p>17 approval for your fees?</p> <p>18 MR. LAWRENCE: To the extent</p> <p>19 that this is, you would be revealing</p> <p>20 communications with counsel, you</p> <p>21 shouldn't do that. But if you can</p> <p>22 answer that without revealing</p> <p>23 communications with counsel, you can.</p> <p>24 So just respond to the extent that you</p> <p>25 can respond without revealing</p>	<p>1 R. D'VARI</p> <p>2 communications with counsel. And if</p> <p>3 you can't, you won't respond.</p> <p>4 A. I don't think I know the exact</p> <p>5 details.</p> <p>6 Q. All right. So can you describe</p> <p>7 for me the circumstances of how you got to be</p> <p>8 engaged in this matter?</p> <p>9 A. Please clarify.</p> <p>10 Q. How were you approached to do</p> <p>11 work for Residential Capital?</p> <p>12 MR. NAPOLI: Objection. That's</p> <p>13 legally privileged.</p> <p>14 MR. CARNEY: How he was</p> <p>15 approached to be retained by</p> <p>16 Residential Capital is legally</p> <p>17 privileged? That's a yes?</p> <p>18 MR. NAPOLI: Yes.</p> <p>19 MR. CARNEY: You are instructing</p> <p>20 him not to answer that.</p> <p>21 MR. LAWRENCE: Ed, I think if</p> <p>22 you want to generally ask when he was</p> <p>23 approached and by whom, I think that</p> <p>24 that's fine. But we should not reveal</p> <p>25 communications with counsel.</p>

<p style="text-align: right;">Page 22</p> <p>1 R. D'VARI 2 THE WITNESS: I understand. 3 MR. LAWRENCE: But let 4 Mr. Carney ask the question. 5 Q. Again, can you describe for me 6 how you got to be engaged in this matter, how 7 were you approached? 8 A. We received a call and primarily, 9 ultimately, ended up being from the counsel. 10 Q. Whose counsel? 11 A. Morrison. 12 Q. And -- 13 MR. CARNEY: You shouldn't 14 reveal communications with counsel. 15 THE WITNESS: I understand. 16 A. Essentially, subject matter was 17 something that we're right to deal with and 18 were asked to answer some questions and we 19 felt we were qualified to answer them and we 20 accepted the retention. 21 Q. And when you were approached, 22 what were you told about the -- about what 23 you would be asked to be retained for, to do? 24 A. It's, I think, all revealed in 25 the Declaration.</p>	<p style="text-align: right;">Page 23</p> <p>1 R. D'VARI 2 Q. I just want to know what your 3 understanding is as we sit here today. 4 A. Would you like me to repeat what 5 our assignment was as per the Declaration? 6 MR. LAWRENCE: If you would like 7 to review your Declaration, you can 8 definitely do that. 9 MR. CARNEY: I just want to talk 10 about how he was retained for right 11 now and the circumstances of it. 12 A. Again, the matters were, as 13 identified were presented to us whether our 14 firm and myself are capable of handling. 15 Q. Okay. 16 A. As stated in the Declaration and 17 we were able to -- and determine that we not 18 only would be able to handle that, we would 19 be able do it in a timely fashion. 20 Q. Okay. And can you just describe 21 for me in an initial conversation what they 22 asked you to do? 23 A. Calculate essentially the 24 lifetime losses for certain tranches and 25 trusts.</p>
<p style="text-align: right;">Page 24</p> <p>1 R. D'VARI 2 Q. Okay. And was there anything 3 else that they asked you to do aside from 4 that? 5 A. No. 6 Q. So have you worked for 7 Residential Capital in the past? 8 A. No. 9 Q. And has Morrison and Foerster 10 engaged you before in other cases? 11 A. No. 12 Q. And when were you retained by 13 Morrison and Foerster? 14 A. I don't exactly remember the 15 exact date. 16 Q. Ballpark? 17 A. The day I was approached or the 18 day we were engaged? 19 Q. How about both, when you were 20 approached first? 21 A. I think about essentially, June, 22 July. 23 Q. Of 2013? 24 A. Yes. 25 Q. Do you recall -- so it was late</p>	<p style="text-align: right;">Page 25</p> <p>1 R. D'VARI 2 June, early July? 3 A. Yeah. 4 Q. And do you recall when you were 5 actually retained? 6 A. Same timeframe. Not exact dates. 7 Q. So a little bit after that? 8 A. Sure. 9 Q. So a week after, two weeks? 10 A. Yeah, probably. A week probably. 11 I don't know the exact. 12 Q. All right. 13 MR. LAWRENCE: Again, that 14 retention application is on file with 15 the court, so if you want the exact 16 date, you can get it there. 17 Q. Have you ever been retained by 18 FGIC? 19 A. It was already -- by the FGIC's 20 counsel, yes. 21 Q. And when were you retained by 22 FGIC? 23 A. Would have been, I believe 2010. 24 Q. When in 2010? 25 A. I don't remember the exact date.</p>

Page 26	Page 27
1 R. D'VARI	1 R. D'VARI
2 Would have been probably -- I don't want to	2 Q. And can you describe for me how
3 speculate but sometime in 2010.	3 that ended?
4 Q. The middle of the year, end of	4 A. Very normal fashion, completed
5 the year?	5 our assignment.
6 A. You are asking me to tell you	6 Q. What was that assignment? V?
7 something I don't remember.	7 A. Really we were asked to calculate
8 Q. So you don't know, you can't give	8 losses for --
9 me an approximate time in 2010?	9 MR. GREEN: Bart Green
10 MR. LAWRENCE: Objection. Asked	10 representing FGIC. I am going to
11 and answered.	11 object to the extent you are asking
12 A. No, I can't.	12 him to reveal communications with
13 Q. You can answer.	13 counsel.
14 A. As I said, I don't necessarily	14 So to the extent that answer is
15 keep track of time that way.	15 revealing your conversations with FGIC
16 Q. All right. Are you still	16 or FGIC's counsel, I instruct you not
17 retained by FGIC now?	17 to answer.
18 A. No. But again, you know, the --	18 MR. SHORE: Chris Shore. Can we
19 I am not exactly sure, you know, the	19 get a clarification on that? Are you
20 termination clauses, but we haven't worked	20 instructing him not answer with
21 for FGIC for sometime now.	21 respect to communications that
22 Q. How long has it been since you	22 occurred since he was retained by the
23 worked for FGIC?	23 debtors in this case or this is only
24 A. I think our effort would have	24 with respect to the prior matter?
25 probably ended in late 2011.	25 MR. GREEN: Only to the prior
Page 28	Page 29
1 R. D'VARI	1 R. D'VARI
2 matter.	2 A. Pardon me? Can I take some time
3 Q. So let me repeat my question.	3 to examine the document?
4 So I asked you, Dr. D'Vari, can	4 Q. Certainly you can.
5 you describe for me how that ended your	5 A. Is there a date attached to this
6 retention with FGIC and you said very normal	6 document that I am not seeing?
7 fashion, completed our assignment. I asked	7 Q. It would be in the last page. It
8 you what was that assignment. So if you can	8 would be on page 13, December 12, 2012.
9 answer that question for me.	9 A. Okay. That's just around -- yep.
10 A. That matter is really	10 I see it.
11 confidential in nature. And that's really as	11 Q. Okay.
12 far as I can go.	12 MR. LAWRENCE: Dr. D'Vari, if
13 Q. Okay. Let me mark as, I believe,	13 you have not seen this document, feel
14 Exhibit 4. This is the Affidavit of	14 free to review the document for as
15 Michael W. Miller in further Support of the	15 long as you would like to review it.
16 first amended plan of rehabilitation.	16 THE WITNESS: Thank you so much.
17 (Whereupon, D'Vari Exhibit 4,	17 A. I reserve the right to take time
18 Affidavit of Michael W. Miller in	18 to read it and when you present me with a
19 Further Support of the First Amended	19 question.
20 Plan of Rehabilitation was marked for	20 Q. Of course. I would not -- I
21 identification as of this date by the	21 would not object to that at all.
22 Reporter.)	22 A. Let's continue on.
23 Q. We may look at this for other	23 Q. So if you can please turn to
24 issues again later, but if you can turn to	24 paragraph 12 on page 4 of this Affidavit.
25 paragraph 12 on page --	25 A. Please ask your question.

<p style="text-align: right;">Page 30</p> <p>1 R. D'VARI</p> <p>2 Q. It says here that "Lazard also</p> <p>3 reviewed runoff projections previously</p> <p>4 prepared by FGIC in consultation with its</p> <p>5 advisors, including Blackstone Advisory</p> <p>6 Partners LP, Blackstone, and stress case</p> <p>7 assumptions for FGIC's insured portfolio</p> <p>8 developed by NewOak Capital Investors LLC,</p> <p>9 NewOak an independent financial advisor</p> <p>10 retained by counsel to FGIC."</p> <p>11 Do you agree with the statement</p> <p>12 in this Affidavit that you -- strike that.</p> <p>13 Do you agree that you provided</p> <p>14 stress case assumptions for FGIC's insured</p> <p>15 portfolio?</p> <p>16 A. Yes, I do.</p> <p>17 Q. In connection with your retention</p> <p>18 with them?</p> <p>19 A. Based on this document, yes.</p> <p>20 Q. Was there anything else that FGIC</p> <p>21 asked you to do other than what's stated in</p> <p>22 the Miller Affidavit?</p> <p>23 A. It is confidential --</p> <p>24 MR. GREEN: I object to the</p> <p>25 question to the extent it is asking</p>	<p style="text-align: right;">Page 31</p> <p>1 R. D'VARI</p> <p>2 for work product or attorney/client</p> <p>3 communications.</p> <p>4 MR. CARNEY: I didn't ask that.</p> <p>5 I will repeat the question.</p> <p>6 Q. Was there anything else FGIC</p> <p>7 asked you to do other than what's stated in</p> <p>8 the Miller Affidavit?</p> <p>9 A. Our work under that contract is</p> <p>10 confidential. Therefore, I am not allowed to</p> <p>11 say -- I am not able to tell you anything</p> <p>12 more than what you already know.</p> <p>13 Q. So if -- so you won't answer</p> <p>14 anymore questions about your retention by</p> <p>15 FGIC?</p> <p>16 A. Not to the extent that it is in</p> <p>17 public or it's been put in our Declaration or</p> <p>18 you have available documents.</p> <p>19 MR. LAWRENCE: Just to be clear</p> <p>20 you're talking about a prior</p> <p>21 engagement with FGIC and FGIC's</p> <p>22 counsel is here and instructing</p> <p>23 Mr. D'Vari not to reveal those</p> <p>24 communications.</p> <p>25 MR. CARNEY: I assume that --</p>
<p style="text-align: right;">Page 32</p> <p>1 R. D'VARI</p> <p>2 MR. LAWRENCE: And Mr. D'Vari is</p> <p>3 following those instructions based on</p> <p>4 his obligations to FGIC.</p> <p>5 Q. Let me ask you: Are you</p> <p>6 following FGIC's counsel instructions not to</p> <p>7 answer?</p> <p>8 A. Correct.</p> <p>9 Q. Okay.</p> <p>10 MR. LAWRENCE: It is not the</p> <p>11 debtor's privilege to waive. Just to</p> <p>12 be clear. Nor Mr. D'Vari's.</p> <p>13 Q. Can you tell me if the work you</p> <p>14 did for FGIC was related to the ResCap</p> <p>15 bankruptcy?</p> <p>16 A. The answer is no.</p> <p>17 Q. In connection with paragraph,</p> <p>18 what's stated in paragraph 12 of the Miller</p> <p>19 Affidavit, did you or did your firm NewOak</p> <p>20 review the results of the analysis you</p> <p>21 provided with Lazard?</p> <p>22 A. Confidential. I am under -- I</p> <p>23 cannot make references or reveal any</p> <p>24 assignment within. I have been instructed by</p> <p>25 FGIC attorneys not to answer anything related</p>	<p style="text-align: right;">Page 33</p> <p>1 R. D'VARI</p> <p>2 to that.</p> <p>3 Q. I think you can answer -- I am</p> <p>4 not asking for the substance, I'm just asking</p> <p>5 if you reviewed the results with Lazard?</p> <p>6 MR. LAWRENCE: Objection; vague.</p> <p>7 I also object to this whole line of</p> <p>8 questioning as beyond the scope of</p> <p>9 Mr. D'Vari's opinions in this case.</p> <p>10 MR. SHORE: Can we get a</p> <p>11 clarification from FGIC's counsel?</p> <p>12 Are you directing him not to answer</p> <p>13 anything that calls for a confidence</p> <p>14 that FGIC controls even though we can</p> <p>15 designate it as Attorney's Eyes Only</p> <p>16 under the existing confidentiality</p> <p>17 stip and order?</p> <p>18 MR. GREEN: Will you repeat</p> <p>19 that?</p> <p>20 MR. SHORE: Sure. The</p> <p>21 confidential order and stip allows to</p> <p>22 have deposition transcripts sought</p> <p>23 designated as whatever we ended up</p> <p>24 with, highly confidential or</p> <p>25 Attorney's Eyes Only. We will happily</p>

9 (Pages 30 to 33)

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1	R. D'VARI	1 R. D'VARI
2	take that information subject to an	2 notwithstanding the ability to
3	Attorney's Eyes Only designation.	3 designate it as Attorney's Eyes Only
4	MR. GREEN: I am objecting to	4 or highly confidential material you do
5	the line of questioning as it's	5 not want to disclose to anybody?
6	seeking information that's protected	6 MR. NAPOLI: That's correct.
7	with, I believe a Confidentiality	7 BY MR. CARNEY:
8	Agreement with the witness on a	8 Q. And --
9	previous engagement and previous	9 A. I would like to take a quick
10	matter.	10 break to consult my attorney.
11	MR. NAPOLI: This is Ed Napoli	11 MR. CARNEY: Certainly.
12	from NewOak Capital. I concur and I	12 MR. LAWRENCE: There is no
13	object also with any discussion of	13 question pending.
14	that as, again, touching upon	14 MR. CARNEY: If there is, I will
15	confidential information.	15 ask it again. That's fine.
16	MR. SHORE: I'm just trying to	16 (Whereupon, a recess was held.)
17	get -- the confidential information is	17 A. Yes, please.
18	controlled by FGIC, right?	18 BY MR. CARNEY:
19	MR. NAPOLI: We are party to	19 Q. I believe you testified earlier
20	that agreement and it is also our	20 that your engagement with FGIC ended in, I
21	responsibility to protect and enforce	21 believe it was late 2011; is that correct?
22	that agreement. So I am concurring	22 A. Our last work was done around --
23	with FGIC's objection and adding	23 end of 2011.
24	NewOak's objection to it.	24 Q. And I believe you testified that
25	MR. SHORE: That would be that	25 that work was done when you -- I believe you
	Page 36	Page 37
1	R. D'VARI	1 R. D'VARI
2	said the phrase was you completed your	2 description of at least one of the things
3	assignment; is that correct?	3 that you did for FGIC in paragraph 12 is
4	MR. LAWRENCE: Objection.	4 correct?
5	A. I believe that's what I said,	5 MR. LAWRENCE: Objection; vague.
6	yes. That's in the transcript.	6 A. As I highlighted the
7	Q. And I also believe you testified	7 paragraph 12, I believe is correct.
8	after reviewing paragraph 12 of the Miller	8 Q. In connection with what you --
9	Affidavit, which I believe is marked as	9 the work you did for FGIC, did you produce a
10	exhibit --	10 written deliverable?
11	A. 4.	11 A. Again, I think we are going into
12	Q. -- 4, yes, thank you.	12 confidential matters. Anything related to
13	That one of the things you did	13 that, unless -- I would like to ask you
14	for FGIC was prepare runoff projections and	14 whether there is an objection to that.
15	stress case assumptions for FGIC's insured	15 MR. LAWRENCE: It is FGIC's
16	portfolio; is that correct?	16 objection. So FGIC will object if
17	A. I don't believe I -- I don't	17 they think that it goes beyond the
18	recall saying that.	18 bounds of what you can testify to with
19	Q. Well, let's take another look	19 your relationship.
20	again at paragraph 12 of the Miller	20 Q. My question was, again, in
21	Affidavit.	21 connection with the work you did for FGIC,
22	A. Sure.	22 did you produce a written deliverable?
23	Q. You can just read it.	23 MR. GREEN: The witness can
24	A. Sure.	24 answer that question with a yes or
25	Q. So do you believe that the	25 a no.

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1	R. D'VARI	R. D'VARI
2	A. Yes.	A. Frankly, I don't recall.
3	Q. Did that written deliverable	Q. Did that written --
4	contain runoff projections?	A. Let me -- most likely not but I
5	MR. GREEN: I will object to the	don't remember.
6	question to the extent it is seeking	Q. Why would you say "most
7	confidential and privileged	likely not"?
8	information about a previous	MR. GREEN: I will object to
9	engagement that's not related to this	this question to the extent it is
10	deposition or this matter.	seeking information about a previously
11	MR. CARNEY: Are you instructing	engagement that's confidential.
12	him not to answer that question?	MR. CARNEY: Are you instructing
13	MR. GREEN: He can answer the	him not to answer?
14	question with a yes or a no.	MR. GREEN: To the he's going to
15	A. Please repeat the question.	reveal confidential information, yes.
16	Q. Certainly. Did the written	MR. LAWRENCE: I think he has
17	deliverable contain runoff projections?	already answered.
18	A. Yes.	Q. Let me ask the question again
19	Q. Okay. And did that written	with that objection. My question was, did
20	deliverable contain stress case assumptions	that written deliverable contain Base Case
21	for FGIC's insured portfolio?	assumptions for FGIC's portfolio? You
22	A. Yes.	answered frankly, I don't recall. Then you
23	Q. Did that written deliverable	said most likely not but I don't remember.
24	contain Base Case assumptions for FGIC's	And then I just asked you why
25	insured portfolio?	would you say most likely not and we had
	Page 40	Page 41
1	R. D'VARI	R. D'VARI
2	Mr. Green interpose his objection, and I am	Q. Now, can you tell me whether your
3	asking you the question again. Why would you	written deliverable contained anything other
4	say that your written deliverable to FGIC	than runoff projections and stress case
5	most likely did not contain a Base Case	assumptions for FGIC's insured portfolio?
6	assumption for FGIC's insured portfolio?	MR. GREEN: I object to this
7	A. I don't have any further comment.	questioning.
8	MR. GREEN: Same objection.	MR. CARNEY: It is a yes or no
9	MR. LAWRENCE: Let FGIC object,	question, anything other than.
10	Dr. D'Vari.	MR. GREEN: I object to the
11	MR. GREEN: Same objection.	question.
12	A. I am being instructed not to	MR. CARNEY: Are you instructing
13	answer.	him not answer?
14	MR. CARNEY: Did you instruct	MR. GREEN: Yes.
15	him not to answer?	MR. CARNEY: You are instructing
16	MR. GREEN: To the extent it is	him not to answer, yes or no, whether
17	revealing confidential information,	or not his report to deliver to FGIC
18	yes. Or privileged information, yes.	contained anything other than runoff
19	Q. And you believe my question	projections and stress case
20	implicates privileged and confidential	assumptions for FGIC's insured
21	information?	portfolio? You won't let him answer
22	A. I do believe.	yes or no to that question?
23	Q. As to why there is no Base Case	MR. GREEN: Yes, I think that's
24	scenario in your written to FGIC, correct?	requiring him to reveal confidential
25	A. Correct.	information about the previous

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<p>1 R. D'VARI 2 engagement. You have asked a number 3 of questions like this and you are 4 getting the same objection, yes. 5 Q. Are you abiding by FGIC's counsel 6 instruction not to answer? 7 A. Yes. 8 MR. LAWRENCE: It is improper to 9 ask whether he is abiding by -- by a 10 prior engagement where it is their 11 privilege to waive to say to the 12 witness are you abiding by it. If he 13 is instructed not to answer by counsel 14 in a prior engagement, he has to 15 follow that. It is improper to ask 16 him as if it is his choice. 17 MR. CARNEY: I completely 18 disagree with that but duly noted. 19 MR. SHORE: As far as perfecting 20 our objection and our right to seek 21 discovery, are you saying that every 22 time he is instructed not to answer, 23 the witness is not going to answer and 24 we don't have to follow-up? 25 MR. LAWRENCE: It is not the</p>	<p>1 R. D'VARI 2 debtor's privilege to waive. It is 3 FGIC's privilege to waive. It is an 4 unrelated matter. 5 MR. SHORE: You're not answering 6 my question. Every time he is 7 instructed not to answer, do we need 8 to follow-up with the perfection of 9 our discovery objection by asking the 10 witness are you going to follow that 11 instruction? That's all. 12 MR. LAWRENCE: You don't have to 13 ask the witness whether he will follow 14 the instruction. The witness is not 15 going to disobey instructions from 16 counsel. 17 MR. SHORE: Thank you. 18 BY MR. CARNEY: 19 Q. This is another yes or no 20 question, I want a yes or no answer. Did 21 anyone within NewOak review the results of 22 your written deliverable to FGIC with Lazard? 23 MR. LAWRENCE: Objection. Vague 24 as to time. 25 Q. In late 2011.</p>
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<p>1 R. D'VARI 2 MR. GREEN: Object to form. 3 Q. You can answer. 4 A. Please repeat the question again. 5 Q. Did anyone within -- did you or 6 anyone within NewOak review the results of 7 your analysis related to runoff projections 8 and the stress case assumptions for FGIC's 9 insured portfolio with Lazard? 10 A. Timeframe, please. 11 Q. Late 2011. 12 A. Yes. 13 Q. Can you tell me with whom at 14 Lazard? 15 A. Confidential information. 16 Q. Can you tell me whether it was 17 with Michael Miller? 18 A. Again, confidential information. 19 MR. LAWRENCE: Again, 20 Dr. D'Vari, that's FGIC's call as to 21 what you can respond to and what you 22 cannot. 23 THE WITNESS: Sorry. I request 24 that you actually repeat your 25 objection and instruct me every time a</p>	<p>1 R. D'VARI 2 question for a yes or no. Because I 3 am under -- I am not going to be, just 4 for your information, I am not going 5 to, you know -- I am under 6 confidential agreement. I am going to 7 honor that and I just need to, as long 8 as you are going down those questions, 9 I would like to have for every 10 question that is being asked, clarify 11 whether I can answer yes or no. 12 MR. GREEN: Can we take a break 13 just to clear -- I need some 14 clarification on this type of 15 question? 16 MR. LAWRENCE: Do you mind? 17 MR. CARNEY: No. 18 MR. LAWRENCE: Let's take a 19 quick break. 20 (Whereupon, a recess was held.) 21 BY MR. CARNEY: 22 Q. So before we took a break, 23 Dr. D'Vari, I asked you whether anyone -- 24 whether anyone within NewOak reviewed the 25 results of your analysis related to runoff</p>

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<p>1 R. D'VARI 2 projections and the stress case assumption 3 for FGIC's portfolio with Lazard, and I 4 clarified the timeframe as late 2011, and you 5 answered yes, such review did take place. I 6 asked you with whom at Lazard and we went off 7 the record. So --</p> <p>8 MR. LAWRENCE: I will object. 9 If that's a question, I don't know if 10 it was, but it is a very long compound 11 question if it was one.</p> <p>12 MR. CARNEY: It was more of a 13 narrative, so I can ask the question 14 again.</p> <p>15 MR. LAWRENCE: Please ask a 16 question.</p> <p>17 Q. I will start over. Did you or 18 anyone within NewOak review the results of 19 your analysis related to runoff projections 20 and stress case assumptions for FGIC's 21 insured portfolio with anyone at Lazard?</p> <p>22 MR. LAWRENCE: Objection. Asked 23 and answered. Vague as to time.</p> <p>24 Q. In late 2011.</p> <p>25 MR. GREEN: I will let the</p>	<p>1 R. D'VARI 2 witness answer who he may have spoken 3 with but not what the substance of 4 those conversations were.</p> <p>5 Q. Whom did you speak with, 6 Dr. D'Vari?</p> <p>7 A. A team from Lazard on credit.</p> <p>8 Q. And who was on the team, do you 9 recall?</p> <p>10 A. I think there was a litany of 11 people.</p> <p>12 Q. Do you recall any names 13 specifically?</p> <p>14 A. Not in particular.</p> <p>15 Q. Do you recall ever meeting with 16 Michael Miller?</p> <p>17 A. Don't believe so.</p> <p>18 Q. Do you recall if anyone on your 19 team ever met with Michael Miller?</p> <p>20 A. Personally recall? I don't 21 necessarily know all the -- who people have 22 met or not met. But I don't recall it 23 specifically.</p> <p>24 Q. Do you have any reason to believe 25 that someone on your team may have met with</p>
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<p>1 R. D'VARI 2 Michael Miller?</p> <p>3 MR. LAWRENCE: Objection. 4 Vague.</p> <p>5 A. That's speculation.</p> <p>6 Q. So you don't know if anyone on -- 7 at NewOak met with Michael Miller?</p> <p>8 A. Not aware of. More 9 appropriately, I don't recall.</p> <p>10 Q. Do you know if the results of 11 your -- the analysis you did for FGIC that we 12 have been discussing, was considered in 13 regard to the analysis in the Miller 14 Affidavit conducted by Lazard?</p> <p>15 MR. GREEN: Objection to the 16 form.</p> <p>17 Q. You can answer.</p> <p>18 A. I have no information past 19 delivery of our services.</p> <p>20 Q. So just to clarify, you don't 21 know what FGIC did with your report after you 22 produced it to them?</p> <p>23 A. We are not a party to that.</p> <p>24 MR. CARNEY: Can we mark as 25 Exhibit 5. This is your Declaration</p>	<p>1 R. D'VARI 2 in connection with the 9019 motion. 3 (Whereupon, D'Vari Exhibit 5, 4 D'Vari Declaration Regarding 9019 5 Motion was marked for identification 6 as of this date by the Reporter.)</p> <p>7 A. Yes, I have read it.</p> <p>8 Q. Okay. Now, before we get into 9 this Declaration, there was one other thing I 10 wanted to clarify with respect to the Lazard 11 analysis we have been talking about. When 12 you were -- when you were producing your 13 deliverable with respect to runoff 14 projections and stress case assumptions for 15 FGIC insured portfolio?</p> <p>16 A. You are referring back to 17 Clause 12?</p> <p>18 Q. Yes. In connection with the work 19 you performed for FGIC. Did you analyze any 20 trusts that FGIC insured?</p> <p>21 MR. GREEN: Objection to the 22 form and objection to the extent he is 23 seeking confidential information about 24 a previous confidential work you did 25 for FGIC in a separate matter and</p>

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<p>1 R. D'VARI 2 instruct you not to answer. 3 Q. It is a yes or no question did 4 you analyze trusts? 5 MR. GREEN: I think answering 6 yes or no is asking for that 7 confidential information, so I 8 instruct you not to answer. 9 MR. LAWRENCE: It's FGIC's 10 privilege to assert or not assert. So 11 Dr. D'Vari will follow FGIC's 12 instructions on that. He has to. He 13 has no choice but to. 14 Q. So looking at your Declaration, 15 are you providing an opinion in connection 16 with the debtor's 9019 motion to approve the 17 ResCap, FGIC settlement agreement? 18 A. I am providing opinion within -- 19 I have been instructed to calculate certain 20 things and I have calculated irrespective of 21 them. 22 Q. Can you tell me what is the 23 opinion that you provided ResCap? 24 A. My opinion -- 25 MR. LAWRENCE: Objection.</p>	<p>1 R. D'VARI 2 Vague. 3 THE WITNESS: Sorry. 4 MR. LAWRENCE: Objecting to the 5 vagueness of the question. 6 A. Please clarify. 7 Q. What is your understanding -- I 8 am asking you whether or not you are 9 providing an opinion in connection with the 10 debtor's 9019 motion? 11 MR. LAWRENCE: Objection. Asked 12 and answered. 13 THE WITNESS: Sir? 14 MR. LAWRENCE: I objected. It's 15 already been asked and answered was my 16 objection. 17 Q. You can answer. 18 A. I am providing opinions in the 19 Declaration within the questions asked. 20 Q. Okay. And what is your opinion 21 that you are providing? 22 MR. LAWRENCE: I object because 23 it is a very vague question. 24 A. It is a vague question. Be 25 specific on the specific opinions.</p>
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<p>1 R. D'VARI 2 Q. Well, you know it is your 3 Declaration so in your Declaration, can you 4 please point out where your opinions are 5 expressed? 6 A. Opinions are only expressed in 7 our conclusions as well along the way about 8 every question asked. So you are more than 9 free to point to specifics and I will be able 10 to answer very specifically. 11 Q. Why don't we start out with 12 describing for me the scope of your 13 assignment then. 14 A. Yes. I am here to offer you -- I 15 was offering, essentially, answering to 16 two questions. One, both related to a 17 lifetime expected losses. One related to the 18 collateral underneath certain trusts, and, 19 second, was the lifetime losses related to 20 certain -- the certificates that were not 21 wrapped by FGIC. 22 Q. Do you know -- strike that. 23 So when you said that one of the 24 questions you were asked to offer an opinion 25 on was related to the collateral underneath</p>	<p>1 R. D'VARI 2 certain trusts? 3 MR. LAWRENCE: Objection. 4 Q. What does "that" mean? 5 MR. LAWRENCE: Objection. 6 Misstates his testimony. 7 MR. CARNEY: I read it verbatim. 8 Q. What does "that" mean? 9 A. I said lifetime collateral losses 10 that are backing -- are underneath certain 11 trusts. 12 Q. Can you explain for me in greater 13 detail what you did to do that? 14 A. Are you asking us how -- how we 15 analyzed and calculated lifetime expected 16 losses? 17 Q. Yes. 18 A. I don't want to give you a very 19 long answer. The bottom line is we calculate 20 cash flows for the underlying mortgages going 21 forward, that's the forecast element. But we 22 also calculate losses that have already 23 occurred with regard to the mortgages that 24 are -- that were in the trust from the day of 25 insurance to the date of the analysis.</p>

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1	R. D'VARI	R. D'VARI
2	Q. You said there were two parts to	asked to assume but not the why as to
3	the questions you were asked to answer?	why you were doing what you were
4	A. Yes.	doing.
5	Q. What is the second part?	A. That was really not my role to
6	MR. LAWRENCE: Objection.	really get involved with entire, but it is in
7	Vague.	support as it is declared in relationship to
8	But you can answer if you can.	a motion that is in paragraph 1.
9	A. As I said, there were separate	Q. And who gave you the issues that
10	questions, unrelated questions. One relates	you were to address in your Declaration?
11	to the collateral underneath the 47 trusts,	A. Morrison.
12	and the second question is lifetime losses as	Q. And can you tell me what they
13	it relates to the tranches or interest	told you the issues that they wanted you to
14	certificates. Certificate -- you know, the	address?
15	interest tranches, which as I highlighted by	A. I think it is very specific in
16	CUSIPS, that are not wrapped by FGIC. In	paragraph 2 in my Declaration.
17	both cases the, the question is lifetime	Q. Can you point me to that?
18	losses. One is the collateral and for life.	A. Paragraph 2, which is I offer
19	Q. Do you know why you're asked to	this Declaration to opine on, one, lifetime
20	prepare your opinion?	expected collateral losses. Would you rather
21	MR. LAWRENCE: Objection.	me to verbatim?
22	To the extent that you can	Q. No, no, you can point me.
23	answer that question without revealing	A. All the issues -- all the nature
24	communications with counsel, you can.	of my Declaration is limited and contained in
25	You can testify as to things you were	paragraph 2. So that's the scope. That's
	Page 56	Page 57
1	R. D'VARI	R. D'VARI
2	really what I am here to opine on. To	is not yours.
3	describe.	A. Frankly, I don't recall why the
4	Q. So the lifetime expected	quotes are in there or the brackets at the
5	collateral losses of the RMBS trusts	moment.
6	referenced in Exhibit B to the FGIC ResCap	Q. Now, other than what's in your
7	settlement agreement and the extent of any	Declaration, is it true -- is it correct that
8	quote past or future loss to holders of	you have no other opinions with respect to
9	securities issued by the FGIC insured trusts	the debtor's 9019 motion?
10	not insured by FGIC; is that correct?	A. Correct.
11	A. Correct.	Q. And you have no other opinions
12	Q. I see that you have quotes around	with respect to the 9019 motion, correct?
13	some of the phrasing in Clause 2.	A. Correct.
14	A. Um-hum.	Q. Are all the bases of your
15	Q. Where is that language coming	Declaration fairly and accurately set forth
16	from?	in your Declaration?
17	A. The language itself?	A. Correct.
18	Q. Yes, the quote "any past or	Q. Do you know, to your knowledge,
19	future losses to holders of securities,	were the results of the analysis in your
20	bracket, issued by the FGIC insured trust,	Declaration used in support of or as
21	close bracket, not insured by, bracket, FGIC,	reference with any other analysis or support?
22	close bracket, comma, close quote." Where is	MR. LAWRENCE: Objection; vague.
23	that language from?	A. I don't -- the Declaration is
24	A. The language itself?	what it is.
25	Q. Yes. It is quoted so I assume it	Q. But you don't know if it's been

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1	R. D'VARI	R. D'VARI
2	used?	correct?
3	A. I've not been privileged for	A. Correct.
4	that.	Q. Okay. Are these all what you
5	Q. Can you describe for me how	defined to be FGIC insured trusts?
6	materials were provided to you in connection	A. Yes. The definition is -- the
7	with the preparation of your Declaration?	trust, of course, not to be interpreted that
8	A. Please clarify.	the trust itself was insured, but there were
9	Q. What sources did you use for your	tranches within those trusts that were
10	Declaration?	insured.
11	A. The sources were the trusts	Q. I understand. And who provided
12	themselves, essentially, we were given the	you with the trusts that you were to analyze?
13	name of the trusts and we were also provided	A. Morrison.
14	and confirmed the tranches were -- which	Q. And what other materials did you
15	tranches were wrapped and which tranches were	consider in forming your Declaration?
16	not wrapped. That's really the extent of	A. Broad question but I will answer.
17	what we really relied on.	Primarily Intech. We also used MBS data,
18	Q. And can you point me in your	which is -- MBS data. We then use our own
19	Declaration to the trust that you analyzed?	economic forecasts.
20	A. Let me identify the page for you,	Q. Before we go into the
21	the table.	Declaration, I want to ask you to circle back
22	Q. Sure.	for a bit to the questions about your work
23	A. Yes, there is Schedule 1.	for FGIC. In your deliverable to FGIC that
24	Q. Okay. So Schedule 1 represents	we were discussing, did any part of -- the
25	all of the trusts that you analyzed; is that	analysis you did in any part of that
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1	R. D'VARI	R. D'VARI
2	deliverable, did you analyze or consider any	information for the purposes of
3	of the trusts listed on Schedule 1 to your	determining, among other things, the
4	Declaration here?	credibility of the witness.
5	MR. GREEN: I am going to object	MR. BAIO: We join in that.
6	to that question and answering yes or	MR. GREEN: The question is
7	no is going to ask the witness to	about previous work that the witness
8	reveal confidential information about	did for FGIC that is covered by a
9	a previous matter. I think we have he	Confidentiality Agreement, and I don't
10	harped on this over and over again, so	have authority to permit him to
11	I am renewing my objection.	testify about substance of his work.
12	MR. SHORE: I would make a	MR. SHORE: When would you be
13	request on the record that FGIC	able to get that authority?
14	reconsider the objection, which	MR. CARNEY: Do you want to see
15	essentially is instructing the witness	if you can get that authority in a
16	not to answer whether he had, in	break?
17	performing work for the debtors with	MR. GREEN: When we have a break
18	respect to certain trusts on behalf of	later today, I will check.
19	the debtors, had previously done work	MR. CARNEY: While we are on the
20	for FGIC is on the other side of the	question. How long would it take you
21	settlement with respect to the very	to check?
22	same trust. So please reconsider and	MR. GREEN: There is a hearing
23	either allow the witness to answer now	going on in this matter right now. So
24	or allow him to answer later. We	that might cause some limitations.
25	certainly think it is highly relevant	But I will check at the next break.

<p style="text-align: right;">Page 62</p> <p>1 R. D'VARI 2 MR. CARNEY: All right. 3 MR. SHORE: Just to be clear for 4 the record, we are not closing the 5 deposition until we get the answer to 6 that question. 7 MR. LAWRENCE: And you have the 8 debtor's objection to that, to not 9 closing the deposition. 10 MR. SHORE: Then I guess what we 11 will do is why don't we continue on, 12 and then, if we don't have an answer 13 from FGIC, we will go to the court 14 prior to the close of the deposition 15 and get the court's views with respect 16 to whether or not the witness can 17 answer at least at this point on an 18 Attorney's Eyes Only bases such that 19 we can address the confidentiality at 20 a later date. 21 MR. LAWRENCE: Just for the 22 debtor's perspective, Mr. D'Vari is 23 here to talk about his Declaration in 24 connection -- his opinions in 25 connection with this matter. That's</p>	<p style="text-align: right;">Page 63</p> <p>1 R. D'VARI 2 an unrelated matter. No one has even 3 asked him whether he looked at that 4 prior work in connection with this 5 opinion. 6 MR. CARNEY: I completely 7 disagree. 8 MR. SHORE: Let me ask this 9 though. Because the debtors are 10 trying to say it is a FGIC issue. Is 11 it the debtor's position that they 12 don't know whether Mr. D'Vari did work 13 for FGIC on the very same trusts that 14 they have retained this witness to 15 provide expert testimony on? 16 MR. LAWRENCE: It is debtor's 17 position this is completely unrelated 18 to his opinions. 19 MR. SHORE: Does that mean you 20 know or does that mean you don't know? 21 MR. LAWRENCE: It is completely 22 unrelated to his opinions, Chris. 23 MR. CARNEY: I disagree. 24 MR. LAWRENCE: If we have a 25 standing objection to this whole line</p>
<p style="text-align: right;">Page 64</p> <p>1 R. D'VARI 2 of questioning, but if you want to 3 waste your time asking him about 4 something that has nothing to do with 5 his opinions, go right ahead. 6 MR. CARNEY: I think that if he 7 analyzed the same trust he is 8 analyzing here and they were analyzed 9 differently or even the same in a 10 different engagement, I think that's 11 highly relevant, but I think we will 12 keep this question open until late in 13 the deposition when Mr. Green can see 14 what authority he can or can't get. 15 So we will move on at this point, but 16 obviously, we will come back to this 17 later. 18 MR. LAWRENCE: Ask him whether 19 he considered any prior work in 20 connection with his opinions here. 21 MR. CARNEY: Let's just move on. 22 MR. LAWRENCE: You don't want to 23 ask that question. I understand. 24 MR. CARNEY: I might ask it 25 later.</p>	<p style="text-align: right;">Page 65</p> <p>1 R. D'VARI 2 MR. SHORE: I will take it out 3 of turn and ask the question, if you 4 want me to. 5 THE WITNESS: Please. 6 MR. SHORE: Go ahead. I got my 7 list. I will get to it later. 8 MR. LAWRENCE: No one wants to 9 ask the question. 10 MR. SHORE: I don't have -- it 11 is out of deference. 12 THE WITNESS: I will call my 13 secretary and cancel my matinee. 14 MR. LAWRENCE: Go ahead. 15 BY MR. CARNEY: 16 Q. Did you consider any prior work 17 in connection with your opinions here? 18 A. No. 19 MR. SHORE: Did your team? 20 Q. Did your team? 21 A. No. 22 Q. Have you ever analyzed any of 23 these trusts before on Schedule 3 in 24 connection with any other -- any other -- at 25 any other time, other than in this engagement</p>

Page 66	Page 67
<p>1 R. D'VARI 2 with ResCap? 3 MR. GREEN: I am going to object 4 to that question. If it is asking 5 about his previous work for FGIC on a 6 separate matter, that's confidential. 7 MR. CARNEY: I am asking if he 8 ever, in any capacity before you get 9 your authority or not, I am asking if 10 him ever analyzed the trusts in any 11 capacity before. It is a yes or no. 12 MR. GREEN: Other than his 13 previous work for FGIC? 14 MR. SHORE: I think a yes or no 15 answer will not reveal if it had been 16 done for FGIC. 17 MR. GREEN: If it was only for 18 previous work for FGIC, yes, it will 19 reveal the answer for that. Logically 20 it would. 21 MR. CARNEY: Logically, I am 22 asking if he ever looked at these 23 before in connection with any other 24 engagement. That's all I want to know 25 right now.</p>	<p>1 R. D'VARI 2 MR. GREEN: Other than his 3 previous work for FGIC. 4 MR. CARNEY: I didn't say -- 5 MR. GREEN: Otherwise you are 6 asking the same question you are just 7 broadening the universe of what you 8 are looking at. 9 MR. CARNEY: I am asking a 10 legitimate question about whether he 11 looked at these before. If he is not 12 going to answer, that's fine. But I 13 think that's highly out of line for 14 you to instruct him not answer a 15 question that doesn't involve FGIC as 16 it's been asked. 17 MR. LAWRENCE: Mr. Carney, I 18 think you are asking the same question 19 and it is, we shouldn't have these 20 lengthy dialogues. It is wasting 21 time. If FGIC believes you are asking 22 the same question and instructing him 23 not to answer, Mr. D'Vari will follow 24 their instructions on that. 25 MR. GREEN: I will check on the</p>
Page 68	Page 69
<p>1 R. D'VARI 2 open issue we have asked about at the 3 next break. But to the extent this 4 question is asking about his previous 5 work for FGIC and it is confidential, 6 I ask the witness not answer it. 7 BY MR. CARNEY: 8 Q. Other than what you may have 9 looked at in your engagement with FGIC, have 10 you ever analyzed these trusts before in any 11 other capacity? 12 A. The answer is I don't actually 13 remember at this point, and when you say we 14 or me, it also involved my team. And I don't 15 have that information being able to clearly 16 answer yes or no. 17 Q. So as you sit here today, do you 18 personally recall, other than with respect to 19 your engagement with ResCap and perhaps with 20 FGIC, do you personally recall ever analyzing 21 these trusts before in any prior engagement? 22 MR. LAWRENCE: Asked and 23 answered. 24 MR. GREEN: Object to the form. 25 MR. LAWRENCE: But you can</p>	<p>1 R. D'VARI 2 answer. You already have. 3 A. I already said I don't 4 particularly recall that this work -- this 5 set of securities had been looked at in other 6 matters or not. 7 Q. Do you have a general idea? 8 MR. LAWRENCE: Objection. 9 A. As I said, you are asking a very 10 specific question there could be one of these 11 that we have looked at in another matter. 12 Could have been five of them. Could have 13 been six of them. So the answer is I cannot 14 answer specifically to that. 15 Q. So if you reviewed this list in 16 Schedule 3, sorry, Schedule 1? 17 A. Yes. 18 Q. Although you may have analyzed 19 these before, you can't tell me definitely 20 whether or not; is that correct? 21 A. There is 106 or 7, I don't 22 exactly recall specific tranches involved 23 here. And we are a firm that analyzed things 24 daily for large financial institutions in 25 relationship to legal and non-legal matters.</p>

	Page 70	Page 71
1	R. D'VARI	R. D'VARI
2	So I would not be able to tell you whether we	A. Yes.
3	have or not because then I would be perjuring	Q. Can you tell me which ones?
4	myself if I answered.	MR. GREEN: You can answer that
5	Q. So you don't know?	question.
6	A. I don't know.	A. All of them.
7	MR. CARNEY: I want to take a	Q. All of them?
8	quick break for a couple of minutes,	A. Only -- of the trusts themselves
9	if that's all right.	or the tranches? Yes, we have looked at all
10	MR. LAWRENCE: That's fine	of these. But not as it relates to
11	with us.	Question 1. But, again, the answer is all of
12	(Whereupon, a recess was held.)	them as far as looking at bonds -- I have to
13	BY MR. CARNEY:	be very careful. The Question 1 is not
14	Q. I would like to -- going to ask	really relates to that assignment. What we
15	you a question I previously asked again, and	are talking about is our work is tranche
16	based on discussion I had with FGIC counsel,	based.
17	and if you would look at Schedule 1 to your	Q. Okay. So --
18	Declaration again.	A. Did we look at these trusts, all
19	A. Sure. Did you analyze any of	of these trusts were looked at.
20	these trusts on Schedule 1 in connection with	Q. Okay. If you turn to Schedule 3
21	the deliverable you produced to FGIC that we	of your Declaration.
22	discussed earlier?	A. Yes.
23	MR. GREEN: The witness can	Q. Could you describe for me what is
24	answer that question with a yes or	on Schedule 3 of your Declaration?
25	a no.	A. It lists the tranches of the FGIC
	Page 72	Page 73
1	R. D'VARI	R. D'VARI
2	trusts. Again, clarify, FGIC trusts means	themselves. And no specific tranche
3	that they wrapped one or all of the tranches	specifically. It's a whole different
4	or anywhere in between and the list of the	question.
5	actual tranches that were wrapped by FGIC	Q. Right. So while a certain
6	within those 47 specific trusts are listed in	tranche of bonds in that trust may be
7	Schedule 3.	insured, the entire trust is not; is that
8	Q. In connection with your	correct?
9	deliverable we have been discussing to FGIC,	A. Correct. In some cases. Well,
10	did you analyze any of the FGIC wrapped bonds	in no cases trusts are insured. But there
11	on Schedule 3?	could be situations where all bonds,
12	MR. GREEN: The witness can	certificates that are issued are insured.
13	answer with a yes or a no.	Q. I understand. For your
14	A. Yes.	historical loss information, did you rely --
15	Q. Which ones?	what sources of information did you rely
16	A. My guess is all of them, but I	upon?
17	haven't double checked.	A. Primarily Intex and -- Intex.
18	Q. Let's turn back to page 1 of your	Would you like me to define it?
19	Declaration. In paragraph 2, when you	Q. No. Any other vendors, any other
20	describe the FGIC Insured Trusts, are you	sources?
21	specifically referring to the securities that	A. Intex.
22	have monoline insurance policies covering	Q. If you look back again at what we
23	losses or are you referring to the entire	marked previously as Exhibits 1, 2 and 3.
24	trust?	A. Exhibit 1, okay.
25	A. Question 1 refers to trusts	Q. Take Exhibits 1, 2 and 3 as a

	Page 74	Page 75
1	R. D'VARI	R. D'VARI
2	whole.	MR. LAWRENCE: Objection.
3	A. Okay.	Assumes facts not in evidence.
4	Q. Now, do these represent the	MR. CARNEY: I will withdraw the
5	underlying analysis, what you did that	question.
6	supports the underlying analysis in your	Q. So for historical loss
7	Declaration?	information, you relied only on Intex; is
8	A. Correct.	that correct?
9	Q. Is there any -- are there any	A. Correct.
10	other documents that you have other than	Q. So can you tell me why you
11	these three, what's contained in these	divided your Declaration into two parts?
12	three exhibits that would represent what you	A. Because the questions --
13	did as part of the underlying analysis to	MR. LAWRENCE: Objection.
14	your Declaration?	A. The questions are in two parts.
15	A. The answer is this is	Q. Those were the questions
16	substantially what we rely on to do the	presented to you; is that correct?
17	analysis. But there are certain parameters	A. Correct.
18	in here that, for example, that home pricing	Q. Can you tell me how you
19	index, that's an import that is derived by	calculated the cumulative collateral losses?
20	NewOak and so this is not something that	A. To what extent?
21	we -- it is relied on for further analysis	Q. Turn to page 6.
22	but this is our output.	MR. LAWRENCE: Page 6 of what?
23	Q. Okay. So just to be clear, the	MR. CARNEY: Of his Declaration.
24	first part of your analysis, the lifetime	A. Yes.
25	expected collateral losses?	Q. In paragraph 18 you write "It is
1	R. D'VARI	R. D'VARI
2	determined the total lifetime expected	reads presenting that back to -- so those are
3	collateral losses for each of the 47 FGIC	the actual numbers reported to trustee.
4	Insured Trusts" --	Trustee reports are used by Intex and Intex
5	A. Just one second. Sorry which	reports those numbers.
6	page?	Q. So this number is directly pulled
7	Q. Page 6 of your Declaration, which	from Intex; is that correct?
8	I believe is Exhibit 4.	A. Correct. By running an analysis.
9	A. I got it.	Essentially factual information that has
10	Q. It is paragraph 18.	occurred and reported by Intex.
11	A. Yep.	Q. So in your work papers, have you
12	Q. And paragraph 18 reads that "to	presented the settings and assumptions you
13	determine the total lifetime expected	used in pulling those cumulative collateral
14	collateral losses for each of the 47 FGIC	losses from Intex?
15	Insured Trusts, my analysis is divided into	MR. KAUFMAN: Objection to form.
16	two parts."	MR. LAWRENCE: Objection. Lacks
17	A. Correct.	foundation.
18	Q. "One, cumulative collateral loss	You can answer.
19	up to the analysis date plus forecasted	A. There is no really setting
20	future collateral losses." My question is,	required. Those are numbers, again, that
21	how did you calculate the cumulative	part of the analysis is fairly factual and
22	collateral losses up to the analysis date in	so -- and it is effectively pulling data out
23	Clause 1?	of the database and reporting it in an Excel
24	A. That is as reported by the	output.
25	trustee, collected by Intex, and effectively	Q. So it is an objective number?

	Page 78	Page 79
1	R. D'VARI	R. D'VARI
2	A. It is an objective number. So	within -- we did not look at the FGIC wrapped
3	that means it doesn't really matter who	bonds in this analysis. Bonds are different
4	actually pulls that number. It is what it	than trusts.
5	was there as of the analysis date.	Q. Right. But with respect to the
6	Q. When you calculated those	trusts, you didn't do an analysis of the FGIC
7	cumulative collateral losses -- strike that.	Insured Trusts and separate out from that
8	Did you review the historical	analysis an analysis of the FGIC wrapped
9	FGIC wrapped -- the losses on the FGIC	bonds; is that correct?
10	wrapped securities in conjunction with the	A. Had that number come out of, for
11	historical collateral losses on the FGIC	example, the analysis when you are running
12	Insured Trusts?	the trust, we didn't look at those as --
13	A. Sorry, are we back on my	because it was not part of our exercise. It
14	Declaration?	may have been a byproduct of analysis. I
15	Q. Yes, on your Declaration.	don't quite -- that's not something that I
16	A. Review historical losses on the	either focused nor cared about at that point.
17	trusts?	Q. Okay. And that was, again,
18	Q. Did you review -- let me rephrase	because that wasn't part of the scope of your
19	that.	assignment; is that correct?
20	Did you review the historical	A. This is a very specific
21	bond losses on the FGIC wrapped tranches, the	assignment with very specific requests.
22	FGIC wrapped bonds, did you review those	Q. Okay. Now, if you look at
23	separately from the historical collateral	paragraph 20 of your Declaration, you, the
24	losses on the FGIC Insured Trusts themselves?	last sentence of that paragraph reads that
25	A. That's not part of the question	"The aggregate cumulative collateral losses
1	R. D'VARI	R. D'VARI
2	for the FGIC Insured Trusts are	section beginning with paragraph 22 on page 7
3	\$3,670,792,103." Do you see that?	how did you calculate future collateral
4	A. Sorry, you are referring to	losses?
5	paragraph 20?	A. That involves, essentially, using
6	Q. Paragraph 20, last sentence.	NewOak expected -- NewOak analysis of the --
7	MR. LAWRENCE: On page 7.	do you want me to get into details? We
8	Q. It is on page 6.	essentially run forecast cash flows on
9	A. Yes, the aggregate, yes, that's	those -- and then I use Intex. We use Intex
10	our number.	and RMBS data and our assumptions to get to
11	Q. And that number, again, that's	the forecast numbers.
12	pulled directly from Intex; is that correct?	A. Well, let's back up. If you look
13	A. Correct. You won't pool that	at paragraph 22, the first sentence. You say
14	number. You have to get it from individual	that -- that you and your team of experienced
15	trusts and you need to perform summation to	analysts acting under your supervision
16	get to those numbers. And there may be some	applied NewOak's RMBS Analysis Methodology.
17	multiplications involved as well. It depends	A. Correct.
18	on the balance and things of that nature.	Q. Is that correct?
19	Q. But the underlying data is	So my next question is what is
20	generated by Intex?	NewOak's RMBS Analysis Methodology and how
21	A. There are no assumptions built	does it work, can you please explain that
22	into that.	to me?
23	Q. Okay. It is an objective number?	A. Sure. Starts out with macro
24	A. It is an objective number.	assumptions that are highlighted in
25	Q. Can you tell me in the next	Exhibit 1. Those are then translated to what

<p style="text-align: right;">Page 82</p> <p>1 R. D'VARI</p> <p>2 Intex expects as of the analysis date forward 3 looking, voluntary prepayments, forward 4 looking essentially default rates and forward 5 looking severities combined with interest, 6 term structure as of time of analysis.</p> <p>7 Q. Is that analysis that you just 8 described for me, is that a standard 9 analysis?</p> <p>10 A. That is a -- for NewOak?</p> <p>11 Q. No, for RMBS. Would other 12 people -- other participants in your 13 industry, would that be an analysis they 14 would use in looking at the questions you 15 were asked to evaluate in your Declaration?</p> <p>16 A. Yes.</p> <p>17 Q. Are there other methodologies 18 that are commonly accepted in your industry 19 that others use?</p> <p>20 A. With regard to the tools?</p> <p>21 Q. Pardon me?</p> <p>22 A. As regard to the tools used?</p> <p>23 Q. Well, no. You said that you 24 have -- you used NewOak's RMBS Analysis 25 Methodology?</p>	<p style="text-align: right;">Page 83</p> <p>1 R. D'VARI</p> <p>2 A. Right.</p> <p>3 Q. You said, I believe, that it 4 is -- that would be standard methodology in 5 the industry, correct?</p> <p>6 A. In its form, correct.</p> <p>7 Q. Yes. Are there other -- my 8 question is, are there other methodologies 9 that differ from that that are also standard 10 in the industry?</p> <p>11 A. My answer to that would be 12 probably not.</p> <p>13 Q. Okay.</p> <p>14 A. Again, varies in details but -- 15 and the shape and their form is effectively 16 predicting collateral prepayments, collateral 17 defaults, collateral severity rates, 18 converting those to -- in this particular 19 case, you are looking at the underlying 20 collateral itself not necessarily the 21 tranches. And that would be standard.</p> <p>22 Q. Now, when you say that "NewOak's 23 RMBS Analysis Methodology considers 24 information, relies upon assumptions 25 customarily employed by market participants."</p>
<p style="text-align: right;">Page 84</p> <p>1 R. D'VARI</p> <p>2 I believe that's the first of paragraph 23. 3 And that you next go on to write that your 4 "information is culled from a wide variety of 5 internal and external sources."</p> <p>6 Can you tell me what information 7 is -- well, first of all, can you tell me 8 what assumptions customarily employed by 9 market participants do you use in NewOak's 10 RMBS market methodology?</p> <p>11 A. Again, it varies in form.</p> <p>12 Typically in the marketplace. But you have 13 voluntary prepayment, voluntary default 14 rates, and severities and various people use 15 different ways to get to those forward 16 looking assumptions. And, but at the end of 17 the day if you are going -- if Intex is your 18 primary tool, which Intex is by far one of 19 the most widely used tools for analyzing 20 RMBS, then you have to be able -- you have to 21 put in those inputs. Whether they are 22 provided in a vector form or provided in a 23 constant vector or effectively trying to get 24 at ultimate cum loss, and that varies in 25 terms of resolution but it doesn't vary in</p>	<p style="text-align: right;">Page 85</p> <p>1 R. D'VARI</p> <p>2 form.</p> <p>3 Q. So are those inputs or settings 4 that you use, are those identified in your 5 work papers?</p> <p>6 A. Correct, they are. If you allow 7 me, I can specifically point to it.</p> <p>8 Q. Please do.</p> <p>9 A. There are, in Exhibit 3, and the 10 information, again, repeatedly are done 11 for -- let me actually see whether -- there 12 are two dates, but ultimately, they apply to, 13 as relative to the trust that they are in. 14 So a trust may have multiple tranches, but 15 the same assumption will be used for every 16 single bond within that trust and they would 17 be under -- there are no column headings. I 18 mean the Column A, B, C, D. But there is a 19 prepay rate default and those would be 20 numbers that you can see. Vector -- they are 21 not printed fully here but would be provided 22 in Excel sheet format.</p> <p>23 Q. Right. I understand. Are there 24 any assumptions that were used that are not 25 reported in your work papers?</p>

<p style="text-align: right;">Page 86</p> <p>1 R. D'VARI</p> <p>2 A. No. I think we have highlighted 3 our macro. We have highlighted specific run, 4 which is, that's Exhibit 2, actually, that 5 use those ultimately, the information that is 6 provided in Exhibit 3, that goes into. The 7 interest rate is obviously, if you run Intex 8 with these inputs, you should be able to get 9 similar answers.</p> <p>10 Q. So can you explain for me just 11 what a group vector set is?</p> <p>12 A. Each trust has multiple groups of 13 loans that are different. And those 14 groups -- some trusts only have one group. 15 Some may have two. Some may have three. We 16 are identifying the number of groups 17 within -- I think it was the first, you know, 18 within the trust we have identified. If you 19 want to take -- give me one second.</p> <p>20 Q. Sure.</p> <p>21 A. You will have in Schedule 1, 22 Exhibit 5, the number of collateral groups 23 are identified. So, and you would identify 24 vectors for those groups and you apply them.</p> <p>25 Q. So I suppose in layman's terms,</p>	<p style="text-align: right;">Page 87</p> <p>1 R. D'VARI</p> <p>2 each tranche is backed by its own certain 3 kind of collateral and you use different 4 assumptions to approximate the loss on each 5 type of collateral?</p> <p>6 A. If necessary.</p> <p>7 Q. Why would that be necessary 8 versus why wouldn't it be necessary?</p> <p>9 MR. LAWRENCE: Objection; vague.</p> <p>10 A. Why would they have -- the 11 different groups would have different 12 assumptions you mean?</p> <p>13 Q. Yes.</p> <p>14 A. Potentially, because they may 15 have different characteristics. But there 16 are two ways to get to the final number. One 17 is make the Group 1 and Group 2 match, and 18 then second thing is you are actually 19 measuring total pool performance because 20 that's the historical on progression you have 21 is the total pool. So in -- the alternatives 22 do that. You can actually apply Group 1 and 23 Group 2 as being the future forecast or you 24 can run them together or use identical 25 numbers. But make sure that you are blending</p>
<p style="text-align: right;">Page 88</p> <p>1 R. D'VARI</p> <p>2 CPR, CDR, VDR is actually representative of 3 the total pool. So different levels of 4 assumptions.</p> <p>5 Q. In paragraph 26 of your 6 Declaration on page 8, you mention -- you 7 mention the steps that you undertake to 8 calculate your forecasts represented in these 9 group vectors. In Item 4, adjustment of 10 projections for macroeconomic factors.</p> <p>11 A. Correct. You are under 25?</p> <p>12 Q. 26. 26, subparagraph -- I guess 13 Item 4.</p> <p>14 A. Sure.</p> <p>15 Q. What macroeconomic factors are 16 considered or do you consider?</p> <p>17 A. I think those are provided in 18 Exhibit 1, which is a product of our credit 19 committee that produces effectively what we 20 believe the most important factors for RMBS. 21 We believe home price indices going forward 22 affects different pools in different ways in 23 different times and those are provided. Then 24 there is also unemployment, because 25 ultimately, unemployment relates to</p>	<p style="text-align: right;">Page 89</p> <p>1 R. D'VARI</p> <p>2 performance of mortgages in general, the 3 amount of supply and also use what is called 4 credit availability. Is it easy to get a 5 mortgage or is it not and that's really a 6 subjective, not an objective parameter that 7 considers to be able to track its forecast 8 and calibrate it against the market forecast 9 on an ongoing basis and use that as a basis 10 for performing analysis for not just these 11 bonds but a large of number of bonds that we 12 actually performed for our clients on a 13 monthly or weekly basis.</p> <p>14 Q. Other than those macroeconomic 15 factors that you mentioned, do you consider 16 any others?</p> <p>17 A. No, this is the, effectively, the 18 net results of the blended views of what we 19 call the street research, the views we hear 20 in the marketplace as market observer and 21 participant in an advisory firm and we 22 effectively blend that into a committee 23 analysis of what we believe, based on those 24 inputs, the future is going to hold.</p> <p>25 Q. Is that a committee within your</p>

<p style="text-align: right;">Page 90</p> <p>1 R. D'VARI</p> <p>2 firm?</p> <p>3 A. It is.</p> <p>4 Q. Are you on the committee?</p> <p>5 A. Yes, I am.</p> <p>6 Q. How many people are on the</p> <p>7 committee?</p> <p>8 A. I don't know exact number, but it</p> <p>9 would be somewhere between half a dozen to</p> <p>10 maybe a dozen. At different times different</p> <p>11 people participate. It is a fairly open</p> <p>12 meeting.</p> <p>13 Q. How does the committee come to a</p> <p>14 decision on, you know, the final -- the</p> <p>15 actual macroeconomic factors that NewOak is</p> <p>16 going to use in its analysis?</p> <p>17 A. Again, in -- it comes down from</p> <p>18 top to the bottom. The top being obviously</p> <p>19 the state of housing industry, the current</p> <p>20 performance that has already occurred and</p> <p>21 observed and housing is a very well reported</p> <p>22 sector. If you Google it, you will find</p> <p>23 essentially there are a lot of opinions out</p> <p>24 there. But every single Street firm, Wall</p> <p>25 Street firm that provides research</p>	<p style="text-align: right;">Page 91</p> <p>1 R. D'VARI</p> <p>2 effectively puts out a view, and that</p> <p>3 ultimately leads to something we look at and</p> <p>4 we observe. But there is not a mechanical</p> <p>5 way that we can combine those. This is</p> <p>6 subject to a discussions within the team what</p> <p>7 factors going forward will be relevant.</p> <p>8 Q. Who makes the final decision?</p> <p>9 A. Ultimately, it falls on my</p> <p>10 shoulder whether I agree with that. But I</p> <p>11 take everybody's input including my own.</p> <p>12 Q. I see. And you probably -- I</p> <p>13 believe you may have answered this, but if</p> <p>14 you can just tell me again how you obtain the</p> <p>15 information that goes into these</p> <p>16 macroeconomic factors again so I am clear?</p> <p>17 A. That's a research reports that we</p> <p>18 get from Street firms, and the number of them</p> <p>19 are numerous. And we also actually look at</p> <p>20 the performance that we have seen on --</p> <p>21 NewOak subscribes to MBSData. MBSData was</p> <p>22 not as specifically applied, you know, in</p> <p>23 this run, but there are -- the performance</p> <p>24 and surveillance that we get from those would</p> <p>25 highlight to us, for example, how the housing</p>
<p style="text-align: right;">Page 92</p> <p>1 R. D'VARI</p> <p>2 market is working because of the severity</p> <p>3 that are imbedded in the underlying actual</p> <p>4 performance that we see.</p> <p>5 Q. In paragraph -- moving on to</p> <p>6 paragraph 28 now on page 9 of your</p> <p>7 Declaration. You reference that the -- that</p> <p>8 "The NewOak analysis accounts for</p> <p>9 macroeconomic influences resulting in what</p> <p>10 you call a Base Case collateral performance</p> <p>11 projection"; is that correct?</p> <p>12 A. Correct.</p> <p>13 Q. Now, specifically, these</p> <p>14 macroeconomic projections I understand</p> <p>15 include home prices, unemployment, and credit</p> <p>16 availability, correct?</p> <p>17 A. Correct.</p> <p>18 Q. So can you describe for me the</p> <p>19 projections that are used for each of those</p> <p>20 references?</p> <p>21 A. The projections for --</p> <p>22 Q. Home prices?</p> <p>23 A. Home prices, they are provided to</p> <p>24 you in terms of ultimately what we have come</p> <p>25 up with. We certainly look at home prices,</p>	<p style="text-align: right;">Page 93</p> <p>1 R. D'VARI</p> <p>2 historical home prices as of that particular</p> <p>3 point in time. The dynamics that's going on.</p> <p>4 The availability of credit that, by the way,</p> <p>5 sort of the three factors that are</p> <p>6 highlighted that are somewhat related. So</p> <p>7 but that -- but independently, we arrive at</p> <p>8 those three depending on the direction of the</p> <p>9 actual observed home prices, the actual</p> <p>10 description of what's going on in terms of</p> <p>11 the economy and those are converted to our</p> <p>12 view of home prices versus, for example, the</p> <p>13 consensus from the Street.</p> <p>14 Q. Okay. So I understand. So to</p> <p>15 the results of your analysis --</p> <p>16 A. Sure.</p> <p>17 Q. -- and your Declaration, do the</p> <p>18 results of this report reflect your Base Case</p> <p>19 forecast?</p> <p>20 A. Correct.</p> <p>21 Q. So did you conduct alternative</p> <p>22 stress scenarios in this Declaration?</p> <p>23 A. No.</p> <p>24 MR. LAWRENCE: When you have a</p> <p>25 chance to take a break, my colleague</p>

	Page 94	Page 95
1	R. D'VARI	R. D'VARI
2	needs to take a break actually, if you	my own Black Rock days to NewOak to the
3	have a chance. At any point.	methodology itself and the approach is really
4	MR. CARNEY: I will -- one more	accumulation of, you know, both NewOak team's
5	question and then I think it would be	experience and myself.
6	a good time to take a break.	Q. So the NewOak methodology,
7	Q. Before we take a break, I will	NewOak's RMBS Analysis Methodology was in
8	ask you, is it your opinion that the Base	place in 2011, you used it in 2011?
9	Case -- the Base Case analysis in your	A. Methodology versus the actual
10	Declaration reflects the expected outcome	inputs are two different things.
11	under the current economic environment?	Q. I am asking you about the
12	A. Right.	methodology.
13	MR. CARNEY: I think we can take	A. The general methodology, as I
14	a break.	said, market standard and, yes.
15	(Whereupon, a recess was held.)	Q. The general methodology also
16	BY MR. CARNEY:	would have been used by you in 2012, too,
17	Q. Dr. D'Vari, whenever you are	correct?
18	ready.	A. To various degrees of refinement.
19	A. I am ready.	Q. Okay.
20	Q. Okay. So I am going to ask you a	A. Inputs. Definitely subject to a
21	little more about the NewOak RMBS	lot of the inputs.
22	methodology. How long has -- how long has	Q. So would you -- so if you were
23	NewOak RMBS Analysis Methodology been in	going to analyze a CUSIP bond, would any
24	place, how long have you used it?	CUSIP that you analyzed be analyzed using
25	A. With the continuous process from	NewOak's RMBS Analysis Methodology?
	Page 96	Page 97
1	R. D'VARI	R. D'VARI
2	A. If I were going to?	Declaration, if you ran that in -- on the
3	Q. Yes.	securities listed in the trust list on
4	A. When and how?	Schedule 1 and the securities listed in
5	Q. If I asked you to analyze a CUSIP	Schedule 3, if you ran this -- the Base Case
6	listed in your schedule today --	on those securities and trusts in 2011 and
7	A. Yes.	2012, would NewOak's RMBS Analysis
8	Q. -- you would use NewOak's RMBS	Methodology reflect NewOak's opinion and
9	Analysis Methodology?	economic collateral performance of the then
10	A. Absolutely every single security	current economic conditions?
11	that we price and calculate cash flows are	MR. LAWRENCE: Objection.
12	used using NewOak's evolving methodology.	Vague.
13	Q. And the same would have been true	A. As I said, this process would
14	in 2011?	have been run, as a process in general would
15	A. Same -- it would have been using	have been using all the information up to
16	the macro information from NewOak's. It	that point, generating inputs that would go
17	would have used ultimately getting to these	into Intex. Then from Intex, we would have
18	vectors and then ultimately calculating cash	had output. So that process has never
19	flows and then calculating losses.	changed.
20	Q. And the answer would be the same	Q. So would that process, had it
21	for analysis you may have done in 2012?	been run in 2011 and 2012, reflected your
22	A. Yes, that's a generic process	opinion of the collateral performance of the
23	that we have been using.	economic conditions current at that time?
24	Q. So if you ran the -- this Base	A. Again, you have to define the
25	Case that you ran in for the purposes of your	scenario. You know, scenario being Base

<p style="text-align: right;">Page 98</p> <p>1 R. D'VARI</p> <p>2 Case.</p> <p>3 Q. Base Case?</p> <p>4 A. There would have been a Base Case</p> <p>5 as of then and then in general there would</p> <p>6 have been credit committee outputs and there</p> <p>7 would have been ultimately reaching</p> <p>8 conclusions of home prices but not</p> <p>9 necessarily the exact set of tools that would</p> <p>10 gotten to the same vectors, but ultimately,</p> <p>11 we would have used vectors to analyze.</p> <p>12 Q. Right. And your analysis and</p> <p>13 would, again, reflect your opinion of the</p> <p>14 collateral performance at that time under</p> <p>15 those economic conditions?</p> <p>16 MR. LAWRENCE: Objection. It is</p> <p>17 an improper hypothetical.</p> <p>18 MR. CARNEY: He is an expert I</p> <p>19 can ask him hypothetical questions.</p> <p>20 A. In general, any time we do an</p> <p>21 analysis that's ultimately our opinion.</p> <p>22 Q. Okay. And this analysis, had it</p> <p>23 been run at that time, 2011, 2012, would be</p> <p>24 the basis of your opinion?</p> <p>25 A. It would have been -- yes,</p>	<p style="text-align: right;">Page 99</p> <p>1 R. D'VARI</p> <p>2 exactly. Our analysis is independent.</p> <p>3 Q. You had mentioned inputs to Intex</p> <p>4 and one thing I want to ask before I move on,</p> <p>5 in the papers you provided in your work</p> <p>6 papers, Exhibits 1, 2 and 3, did you provide</p> <p>7 the Intex settings files using connection</p> <p>8 with this analysis?</p> <p>9 A. I am not exactly sure that was</p> <p>10 provided or not. I would be more than glad</p> <p>11 to provide -- to examine that at a later</p> <p>12 date.</p> <p>13 MR. CARNEY: We ask that those</p> <p>14 be provided, and I will contact your</p> <p>15 counsel about that. Thank you.</p> <p>16 Q. So let's move on to paragraph 31</p> <p>17 on page 9 of your Declaration.</p> <p>18 A. Right.</p> <p>19 Q. And you indicate that your</p> <p>20 expected -- pardon me.</p> <p>21 You indicate that your remaining</p> <p>22 future expected loss is approximately</p> <p>23 1.7 billion; is that correct?</p> <p>24 A. 1.7 billion and change, right.</p> <p>25 Q. Now, does this reflect the loss</p>
<p style="text-align: right;">Page 100</p> <p>1 R. D'VARI</p> <p>2 to all of the tranches within the 47 Insured</p> <p>3 Trusts both wrapped and not wrapped?</p> <p>4 A. This is a collateral losses. The</p> <p>5 translation of collateral loss to individual</p> <p>6 tranche losses is a whole different exercise.</p> <p>7 So what you are looking at here is primarily</p> <p>8 collateral loss and we are opining on</p> <p>9 collateral loss here.</p> <p>10 Q. Just so I am clear, so this</p> <p>11 reflects the loss to the entire insured</p> <p>12 trust; is that correct?</p> <p>13 A. This reflects the entire</p> <p>14 collateral loss. Collateral being the only</p> <p>15 asset that the trusts have is the mortgage</p> <p>16 loans.</p> <p>17 Q. Right.</p> <p>18 A. And this reflects the principal</p> <p>19 losses to those mortgages.</p> <p>20 Q. And that's to the mortgages</p> <p>21 backing -- or collateral -- the mortgages</p> <p>22 backing both the wrapped bonds and the</p> <p>23 non-wrapped bonds?</p> <p>24 A. Correct. This is the entire</p> <p>25 grouping of mortgages within each trust.</p>	<p style="text-align: right;">Page 101</p> <p>1 R. D'VARI</p> <p>2 Q. Okay. Now, did you also forecast</p> <p>3 the expected losses to the FGIC wrapped</p> <p>4 securities independent of those total losses?</p> <p>5 A. As I said, that was not the</p> <p>6 subject of our Declaration. Had it been by</p> <p>7 accident produced, we have not looked at it.</p> <p>8 Q. And you didn't do that because</p> <p>9 you weren't asked to; is that correct?</p> <p>10 A. Correct.</p> <p>11 Q. So your conclusion is that the</p> <p>12 FGIC insured RMBS losses total 5.4 billion</p> <p>13 today; is that correct, around 5.4 billion?</p> <p>14 A. For the trust.</p> <p>15 MR. LAWRENCE: Objection.</p> <p>16 Misstates his prior testimony.</p> <p>17 Q. So your conclusion is that FGIC</p> <p>18 insured RMBS losses total around \$5.4 billion</p> <p>19 today?</p> <p>20 MR. LAWRENCE: Same objection.</p> <p>21 A. RMBS. We are not talking about</p> <p>22 RMBS. We are talking about trusts.</p> <p>23 Two different things.</p> <p>24 Q. So explain to me what the</p> <p>25 five point --</p>

<p style="text-align: right;">Page 102</p> <p>1 R. D'VARI</p> <p>2 A. Securities versus trusts are two</p> <p>3 different things.</p> <p>4 Q. So explain to me what the</p> <p>5 5.4 billion in losses represent?</p> <p>6 A. I think we have gone over it. It</p> <p>7 is collateral loss. Meaning mortgage loans</p> <p>8 underneath the trust. The exercise from</p> <p>9 those to specific RMBSs, it's a totally</p> <p>10 different exercise, which we had not taken up</p> <p>11 for FGIC wrapped bonds.</p> <p>12 Q. So then the remaining expected</p> <p>13 future loss to the collateral in the FGIC</p> <p>14 insured trust --</p> <p>15 A. Trusts.</p> <p>16 Q. -- is you predict that to be</p> <p>17 around 1.7 billion; is that correct?</p> <p>18 A. Yes, that's our opinion.</p> <p>19 Q. That's your opinion. So have you</p> <p>20 reviewed any other references for past unpaid</p> <p>21 claims or -- strike that.</p> <p>22 So did any part of your analysis</p> <p>23 consider past payments FGIC would have made</p> <p>24 on account of its insurance policies with</p> <p>25 respect to the wrapped bonds?</p>	<p style="text-align: right;">Page 103</p> <p>1 R. D'VARI</p> <p>2 A. As of the numbers you are seeing</p> <p>3 here.</p> <p>4 Q. As part of your analysis.</p> <p>5 A. Entire analysis?</p> <p>6 Q. Yes, entire analysis. Did do you</p> <p>7 that calculation, did you take that number</p> <p>8 into account?</p> <p>9 A. No, we -- I would like to answer</p> <p>10 that question when we get into the RMBS</p> <p>11 positions, which is a different question than</p> <p>12 collateral. This is strictly speaking the</p> <p>13 mortgage loan losses that underneath -- which</p> <p>14 doesn't relate directly to the RMBSs. And it</p> <p>15 is not a straightforward calculation.</p> <p>16 Q. But with respect to the RMBS?</p> <p>17 A. So we are moving on to RMBS?</p> <p>18 Q. Well, for now.</p> <p>19 A. Okay.</p> <p>20 Q. With respect to the RMBS, in your</p> <p>21 Declaration, did you come to a -- an estimate</p> <p>22 of the total losses with respect to FGIC</p> <p>23 wrapped RMBS?</p> <p>24 MR. LAWRENCE: Asked and</p> <p>25 answered.</p>
<p style="text-align: right;">Page 104</p> <p>1 R. D'VARI</p> <p>2 A. Asked and answered, no.</p> <p>3 Q. No, okay. Turn to paragraph 2 of</p> <p>4 your Declaration, please. You say in</p> <p>5 paragraph 2, based on this understanding of</p> <p>6 the scope of your assignment, right, you</p> <p>7 write "I believe that a conservative estimate</p> <p>8 of the aggregate amount of the claims</p> <p>9 released by the FGIC trustees as defined</p> <p>10 below under the Settlement Agreement is</p> <p>11 \$5 billion and change."</p> <p>12 A. Yes.</p> <p>13 Q. What are those claims related to</p> <p>14 then?</p> <p>15 A. You will allow me to read my --</p> <p>16 Q. Yes, of course.</p> <p>17 A. I don't really recall where that</p> <p>18 number comes from, but I suspect it was out</p> <p>19 of the settlement.</p> <p>20 Q. Well, but -- it is in your</p> <p>21 Declaration and the thing that troubles me or</p> <p>22 makes me curious, rather, is you said you did</p> <p>23 not do any estimate of the losses to the FGIC</p> <p>24 wrapped bonds, but you are saying that the</p> <p>25 claims released by the FGIC trustees under</p>	<p style="text-align: right;">Page 105</p> <p>1 R. D'VARI</p> <p>2 the Settlement Agreement is \$5 billion, and I</p> <p>3 am curious if those claims don't relate to</p> <p>4 FGIC wrapped bonds, what do they relate to</p> <p>5 and what does that number mean?</p> <p>6 A. They are related. I don't</p> <p>7 believe this a computed number. I think it</p> <p>8 may be coming from the settlement. The</p> <p>9 specific.</p> <p>10 Q. Have you reviewed the Settlement</p> <p>11 Agreement?</p> <p>12 A. Not in detail at all.</p> <p>13 Q. Well --</p> <p>14 A. I think that's a number -- I need</p> <p>15 to -- at this point, I need to examine this</p> <p>16 number further.</p> <p>17 Q. Turn to paragraph 56 of your</p> <p>18 Declaration, please. It is on page 15.</p> <p>19 A. Oh, sorry, yes.</p> <p>20 Q. Could you explain to me what --</p> <p>21 let's turn first to 55 and 56. Let's take</p> <p>22 them together. Could you read those</p> <p>23 paragraphs? Take a moment to review them and</p> <p>24 explain to me what you are trying to convey</p> <p>25 in those paragraphs, please.</p>

	Page 106	Page 107
1	R. D'VARI	R. D'VARI
2	A. Okay. Thank you.	2 390,385,776?
3	I need to do some calculations in	3 A. That's correct.
4	my head if you don't mind.	4 Q. And so you believe that the total
5	Q. Sure.	5 estimated lifetime loss to non-wrapped
6	A. Okay. I think this is a derived	6 interest in the FGIC insured trust is
7	number, actually. Taking the overall	7 412,923,171; is that correct?
8	collateral loss, subtracting the,	8 A. Yes.
9	essentially, what we estimate as being the	9 Q. Okay. So on to paragraph 55.
10	total losses to non-wrapped bonds, you should	10 MR. LAWRENCE: You are referring
11	arrive at that number, but I haven't done	11 to 56?
12	that in my calculation. In my head.	12 MR. CARNEY: 56, thank you.
13	Q. Okay. So let me walk through	13 Q. And you -- then you say based on
14	this again. So you are saying -- let's start	14 your understanding that the FGIC Insured
15	at paragraph 55.	15 Trusts and the FGIC trustees have estimated
16	A. Yes.	16 claims to be 5,414,532,474 and you said you
17	Q. Your analysis tells you that	17 obtained that estimate from the Settlement
18	the -- or you represent in your Declaration,	18 Agreement?
19	rather, that the total lifetime loss to	19 A. No, I did not say that. It could
20	non-wrapped bonds is \$22,537,395, correct?	20 be, but there is actually a subtraction of
21	A. Correct.	21 the total collateral loss estimated by us
22	Q. And the estimated losses to	22 less non-wrapped bonds, which would be
23	senior IO certificates is zero. And the	23 allocated or attributed. So if you -- if you
24	estimated upper bound of unrealized loss	24 actually, you know, consider the potential
25	expected residual economic value is	25 claims by non-wrapped bonds, subtracted by
	Page 108	Page 109
1	R. D'VARI	R. D'VARI
2	the estimated collateral loss, you could say	2 effectively -- if you have a -- that's the
3	that this amount is what it potentially	3 upper bound. But what I am trying to say is
4	could be.	4 that if you have a total loss and you
5	Q. The 5.4 billion?	5 allocate certain loss to a non-wrapped bond
6	A. Yes. 5.001. 5 billion	6 the other part is what gets released.
7	essentially.	7 Q. Is the best estimate or your
8	Q. Okay. Let me get this straight.	8 estimate in your Declaration of the
9	A. No, 54 is total collateral.	9 collateral losses to the FGIC wrapped bonds
10	Q. Okay.	10 is approximately \$5 billion; is that correct?
11	A. That's the total collateral loss.	11 MR. LAWRENCE: Objection.
12	Q. So the 5.4 billion is a total	12 A. No, the collateral loss is very
13	collateral loss to the FGIC Insured Trusts in	13 different.
14	the aggregate?	14 Q. Okay. I understand we are
15	A. Correct.	15 talking about RMBS?
16	Q. And then subtracting out,	16 A. We are talking about RMBS, mixing
17	subtracting from that the 412,923,171?	17 it with collateral. This number is nothing
18	A. Correct.	18 but subtraction of the cumulative loss that
19	Q. You are then estimating that the	19 mortgages underneath would incur, and if you
20	actual losses to the FGIC wrapped bonds, by	20 had losses to a tranches of bonds, that would
21	backing out the non-wrapped stuff is	21 remain -- essentially, this is the
22	5 billion; is that correct?	22 subtraction of two numbers at this point
23	MR. LAWRENCE: Objection.	23 without regard to anything else.
24	A. I am not saying that that's the	24 Q. Okay. So if you circle back,
25	number. I am saying this is what we are	25 then, so this basis is 55 and 56?

<p style="text-align: right;">Page 110</p> <p>1 R. D'VARI 2 A. That's the same number. 3 Q. That's where, going back to 4 paragraph 2, is where you believe that a 5 conservative estimate of the aggregate amount 6 of the claims released by the FGIC trustees 7 under the Settlement Agreement is \$5 billion; 8 is that correct? 9 A. As I said it, if you take the 10 upper bound, meaning the collateral loss, if 11 you take it as a given not as a matter of 12 fact, I am not stating an opinion on that at 13 all, I am just saying if you take that as an 14 upper bound, the lifetime, my opinion on the 15 lifetime collateral loss and if you also take 16 my opinion for the non-wrapped bonds, if you 17 subtract those two numbers, that would be an 18 upper bound for what gets released. But it 19 doesn't attribute it to anything and doesn't 20 opine on any other matter. 21 Q. But that would be the upper bound 22 to the losses on the FGIC wrapped bonds? 23 A. This is actually -- 24 MR. LAWRENCE: Let him finish 25 the question before you answer.</p>	<p style="text-align: right;">Page 111</p> <p>1 R. D'VARI 2 Q. My question but that would be, as 3 I understand what you are saying, that would 4 be an upper bound to the losses on the FGIC 5 wrapped bonds; is that correct? 6 MR. LAWRENCE: Objection. 7 A. I am saying it is a conservative 8 number. 9 Q. Under your analysis? 10 A. Again, that's not the subject of 11 my opinion but that's a side derived number 12 from that. 13 Q. I am going to mark this, I 14 believe, as Exhibit 6. This the 15 Gary C. Holtzer's affirmation in support of 16 the Settlement Agreement in the 17 rehabilitation court. 18 (Whereupon, D'Vari Exhibit 6, 19 Gary C. Holtzer's Affirmation in 20 Support of the Settlement Agreement in 21 the Rehabilitation Court was marked 22 for identification as of this date by 23 the Reporter.) 24 (Whereupon, a recess was held.)</p>
<p style="text-align: right;">Page 112</p> <p>1 R. D'VARI 2 BY MR. CARNEY: 3 Q. Before we go on to that document 4 that I marked, let's go back to paragraph 31 5 on page 9 of your Declaration. 6 A. Correct. 7 Q. Now, here -- now, here you are -- 8 you've opined that the total collateral 9 losses to the FGIC Insured Trust is about 10 5.4 billion; is that correct? 11 A. Again, collateral. 12 Q. Collateral, yes, yes. 13 A. Yes. 14 Q. Now, if you look at the -- your 15 estimation that we just talked about in 16 paragraph 55 and 56 and let's turn back to 17 that. At the end of 56 that your aggregate 18 of the amount of the claims released by the 19 FGIC trustees under the Settlement Agreement 20 would be approximately -- so it would be 21 approximately 5 billion; is that correct? 22 A. It says what it says, correct. 23 Q. So if you took the ratio of that 24 5 billion loss, the \$5 billion in claims of 25 the FGIC trustees related to the wrapped</p>	<p style="text-align: right;">Page 113</p> <p>1 R. D'VARI 2 bonds here? 3 MR. LAWRENCE: Objection. 4 A. The word's claims released not 5 claims. Two different. In my view. 6 Q. Fair enough. So if you take the 7 claims released by the FGIC trustees, now can 8 you confirm for me that those claims 9 released, of the 5 billion, that those claims 10 released are related to the FGIC wrapped 11 bonds; is that correct? 12 MR. LAWRENCE: Objection. 13 A. No. This is exactly simple 14 subtraction of collateral loss less the 15 non-wrapped bonds and it is what it is. 16 Q. Okay. 17 A. We are not opining on any other 18 matters except the two questions asked. What 19 is the total collateral loss and what is the 20 non-wrapped certificate losses. 21 Q. Okay. 22 A. It doesn't really relate to any 23 other claims. 24 Q. Mr. D'Vari if you turn again to 25 paragraph 2, please.</p>

<p style="text-align: right;">Page 114</p> <p>1 R. D'VARI 2 A. Yes. 3 Q. On page 2, paragraph 2, it 4 continues onto page 2, you say "Are you 5 right, that you believe, you believe, that a 6 conservative estimate of the aggregate amount 7 of the claims released by the FGIC trustees 8 under the Settlement Agreement is five -- 9 approximately \$5 billion"; is that correct? 10 A. Claims released? 11 Q. Yes. 12 A. Again, with the definition to be 13 defined and not mistaken with other matters. 14 It is just a subtraction of two numbers. It 15 really is not saying anything more than that. 16 Q. Well, it says you believe a 17 conservative -- there is a word estimate and 18 there is a word claims released. 19 A. Correct. 20 A. Correct. There is a 21 conservative -- there is a word estimate and 22 there is a word claims released. 23 Q. Okay. 24 A. You have to put those 25 two together to -- the answer is that number represents the subtraction of two numbers and</p>	<p style="text-align: right;">Page 115</p> <p>1 R. D'VARI 2 you or anybody else could interpret that 3 number any way they want. 4 Q. Okay. But again, that is the 5 total amount of claims released; is that 6 correct? 7 MR. LAWRENCE: Objection. Asked 8 and answered. 9 A. That is the estimate of when you 10 take -- you subtract the total collateral 11 loss from the interest in the tranches that 12 are not wrapped. You get that number. 13 Q. Okay. And if you take that 14 number and divide it by the total collateral 15 loss of 5.4 billion? 16 A. Correct. 17 Q. You want to take that ratio, I 18 can get a calculator if you need, would you 19 agree that's around 92.6%, over 5.4? 20 A. Let me just run -- take a look 21 at. That is correct but, also, I would want 22 to refer you to page 5, Table 1. That's also 23 the ratio of par amounts. 24 Q. So the ratio of par amounts is 25 actually a little higher, isn't it, 96.27%?</p>
<p style="text-align: right;">Page 116</p> <p>1 R. D'VARI 2 A. Correct. 3 Q. Okay. 4 A. But, again, those are -- I want 5 to be very clear that extrapolation from 6 collateral to actual tranche losses is a 7 mathematical exercise that we have only done 8 for non-wrapped bonds. So we are not opining 9 on the extrapolation of that anywhere else. 10 Q. Okay. Let's do another 11 mathematical exercise of non-wrapped bonds -- 12 for wrapped bonds that we are talking about. 13 So we have the mathematical exercise of the 14 5.0 with the 5.4, which gets us to about say, 15 92.6%. 16 A. Yes. 17 Q. Is that correct? 18 A. Yep. 19 Q. Now, if you go back and look at 20 the current collateral loss, and that, I 21 believe, was in paragraph 31, of that 5.4 in 22 current collateral losses, we have around 3.7 23 in current collateral losses. Do you see 24 that? 25 A. 3.67.</p>	<p style="text-align: right;">Page 117</p> <p>1 R. D'VARI 2 Q. 3.67, okay, to be more precise. 3 So if we take that 3.67 in current collateral 4 losses? 5 A. Current. 6 Q. And we once again extrapolate 7 using a mathematical exercise, say taking the 8 portion of those collateral losses of 3.67 9 and multiplying it by the portion that is 10 wrapped, which is 96.2% in your table; is 11 that correct, 96.27? 12 A. I think I want to be -- 13 MR. LAWRENCE: Dr. D'Vari, let 14 him ask the question because I will 15 have an objection to the question 16 because it is a compound question and 17 extremely vague. 18 MR. CARNEY: It is not that 19 vague. 20 Q. So if you take the 3 point -- 21 MR. LAWRENCE: It is vague. 22 Q. If you take the 3.67 billion in 23 current collateral losses, correct, multiply 24 that by the total original par amount of 25 wrapped bonds, which is 96.27% in</p>

<p style="text-align: right;">Page 118</p> <p>1 R. D'VARI 2 paragraph 5, do you have any idea of what 3 that is? 4 MR. LAWRENCE: You want him to 5 do the math? 6 Q. I will represent it is about 7 3.53 billion. Does that sound right to you? 8 MR. LAWRENCE: If you have a 9 calculator and you want to give him 10 the calculator, he can. 11 MR. CARNEY: I can get him a 12 calculator. 13 MR. LAWRENCE: If you represent 14 to us that you have done the math and 15 the math equals the number, we will 16 take your representation on that. 17 Q. So just as you did the sort of 18 backing out of the, what you said you 19 believed to be a total estimate of the 20 aggregate amount of claims released by the 21 FGIC trustees as 5.0 billion, would you agree 22 that the portion of those aggregate amount of 23 claims released by the FGIC trustees 24 attributable to claims as to losses that have 25 already occurred would be about 3.53 billion?</p>	<p style="text-align: right;">Page 119</p> <p>1 R. D'VARI 2 MR. LAWRENCE: Objection. 3 Vague. 4 A. Objection, no, I think you're 5 mixing apples and oranges, not subject to our 6 opinion, I go back and repeat, attribution of 7 collateral losses to individual tranches in 8 claims is a very complex and it requires 9 specific calculations. So simple math that 10 you are presenting doesn't necessarily -- is 11 not one that I have done and it is not done, 12 what I attempt to do here today. 13 Q. But simple math, I thought you 14 testified was how you came by your belief of 15 a conservative estimate in the aggregate 16 amount of claims released by the FGIC 17 trustees; is that correct? 18 A. If you read that properly, saying 19 that if, not as a matter of fact, total 20 claims may be X and subtracted non-wrapped 21 holders, non-released, in this particular 22 example that we were saying, that 23 effectively, the subtraction of those 24 two numbers gets you the 5 billion. That's 25 all it says. Nothing more. Nothing less.</p>
<p style="text-align: right;">Page 120</p> <p>1 R. D'VARI 2 Q. That gets you the 5 billion? 3 A. Yes. 4 Q. Would you agree that if you took 5 the portion of the 96.27% portion of the 6 original par amount that is wrapped, if you 7 multiply that by the current amount of 8 collateral losses you would get a number of 9 3.53 million? 10 A. Again, you are mixing apples and 11 oranges. 12 Q. I am just talking about a 13 mathematical calculation. 14 MR. LAWRENCE: If you have a 15 mathematical calculation that you have 16 calculated, we will stipulate to the 17 math. 18 A. But not the meaning of it. 19 Q. Okay. 20 A. The meaning of it is complex and 21 I hate to go there. That's all I am saying. 22 MR. LAWRENCE: We will take your 23 representation that your math is 24 correct. We will go home and do the 25 numbers ourselves later, but I am</p>	<p style="text-align: right;">Page 121</p> <p>1 R. D'VARI 2 assuming you have done the math 3 correct. 4 Q. Let's look at the Holtzer 5 Affidavit that I gave you. Have you ever 6 seen this before? 7 A. No. 8 Q. Could you please turn to -- 9 A. Correctly, before. 10 Q. Before today? 11 A. I have seen it while here. 12 Q. Okay. Could you please turn 13 to -- 14 MR. SHORE: Off the record. 15 (Whereupon, an off-the-record 16 discussion was held.) 17 Q. We would like to have him hand in 18 what is now 6 and let's get rid of that and 19 remark this version. We will remark the 20 version I am about to hand you D'Vari 21 number 6. 22 Let me know when you are ready, 23 when you have had a chance to look 24 through it. 25 A. Please go ahead. I haven't</p>

<p style="text-align: right;">Page 122</p> <p>1 R. D'VARI 2 completed my review of the document, but I 3 will take it in the context. 4 Q. Have you ever seen this 5 document -- actually, turn to page 4 of the 6 document. It begins with the caption -- in 7 the caption says "affirmation," four pages 8 in. So front and back. 9 A. Based on the numbers? 10 MR. LAWRENCE: No, this page. 11 Q. Now, I am going to talk about the 12 document from this page up to the end, and 13 have you ever seen, before, prior to when I 14 just gave it to you, have you ever seen this 15 document before? 16 A. No. 17 Q. Would you please turn to 18 Paragraph 5. 19 A. Okay. 20 Q. Can you read Paragraph 5, please. 21 Do you understand what the Paragraph 5 means? 22 MR. LAWRENCE: Objection; vague. 23 Q. After reading Paragraph 5, do you 24 have an understanding of it? 25 A. I think the context is important.</p>	<p style="text-align: right;">Page 123</p> <p>1 R. D'VARI 2 I have not obviously studied the context. 3 But I can read the numbers and the 4 statements. 5 Q. Okay. Upon reading this 6 paragraph, what do you understand -- do you 7 have an understanding of what Mr. Holtzer -- 8 of what the author of this Affidavit is 9 trying to convey by the numbers? 10 MR. LAWRENCE: Do you want him 11 to read what's in the paragraph? 12 MR. CARNEY: No. 13 MR. LAWRENCE: I don't 14 understand the question. 15 Q. The paragraph states that as of 16 March 31, 2013, the aggregate par amount 17 outstanding covered by the policies, which we 18 can look at the definitions in front are the 19 FGIC -- are the policies wrapping the FGIC 20 wrapped RMBS, was approximately 4.9 billion. 21 It goes on to say, "As of such date, FGIC 22 paid approximately 343.2 billion of claims 23 into the policies -- 343.2 million of claims 24 under the policies, which it has not been yet 25 reimbursed, approximately 789 million of</p>
<p style="text-align: right;">Page 124</p> <p>1 R. D'VARI 2 additional claims had been asserted against 3 FGIC that remain unpaid." 4 We can do the math. I can 5 represent that that total of what Mr. Holtzer 6 is representing in his Affidavit is that 7 there are 1.132 billion, if you add up 8 343.2 million plus 789 million, in claims 9 that have either been paid or have been 10 asserted that have not been paid as of 11 March 31st? 12 A. In regard to what? 13 Q. Claims under -- claims related to 14 losses under the FGIC wrapped RMBS that are 15 related to ResCap? 16 A. I am not sure whether this set is 17 exactly the same or not. I have not really 18 reviewed the -- whether there is a direct 19 mapping of those. So the answer is -- those 20 are the numbers and -- and the summation as 21 you represented, I haven't done it in my 22 head, but I am not exactly sure what you are 23 asking me to represent or to declare. 24 Q. I am not asking you to declare 25 anything. I am just asking you, do you</p>	<p style="text-align: right;">Page 125</p> <p>1 R. D'VARI 2 understand that what Mr. Holtzer is conveying 3 in this Affidavit -- 4 A. In reference to what? There is a 5 totality of the concentration that I am not 6 aware of, what bonds we are looking at, what 7 tranches, what underlying securities, those 8 are not very clear from that statement. 9 Q. If you turn back one page, you 10 will see in Paragraph 4, you can read that. 11 A. Um-hum. 12 Q. And I will have to -- I will 13 represent to you that these 47 trusts 14 mentioned on -- in Paragraph 4 are the same 15 47 FGIC Insured Trusts that you analyzed in 16 connection with your Declaration. 17 A. Okay. 18 Q. I will further represent to you 19 that, in Paragraph 5, Mr. Holtzer is saying 20 that with respect to the FGIC wrapped 21 tranches of those trusts, that FGIC has paid 22 343 million -- 343.2 million of claims and 23 that there are 789 million of additional 24 claims related to the FGIC wrapped tranches 25 in those trusts that have been asserted</p>

<p style="text-align: right;">Page 126</p> <p>1 R. D'VARI 2 against FGIC that remain unpaid. My question 3 to you is, when we looked at the total 4 current loss, collateral losses in 5 Paragraph 31 of your Declaration and we 6 multiplied that by the portion of the FGIC 7 Insured Trusts that are wrapped, we came up 8 with 3.533 billion. My question is, why does 9 that 3.533 billion number differ so 10 significantly from the 1.132 billion number 11 by adding up the numbers in Paragraph 5?</p> <p>12 MR. LAWRENCE: Object to the 13 question. It's hopelessly vague.</p> <p>14 A. I can answer. I think, again, 15 you are comparing losses on collateral versus 16 tranches, which are pieces of -- they have 17 rights and claims from cash flows and 18 waterfalls, and it is very complex 19 attribution.</p> <p>20 You just proved the difference is 21 not something you can do mathematically and I 22 don't believe any financial expert would do 23 the numbers the way you are representing. 24 The tranche losses are very specific 25 calculations that are not directly and simply</p>	<p style="text-align: right;">Page 127</p> <p>1 R. D'VARI 2 calculated from collateral losses because 3 there are other cash flows that come into the 4 picture and there is also priority of 5 interests.</p> <p>6 Q. You can put that away. I just 7 have a couple of more questions and then I 8 will yield my time, if you will. I would 9 like to go back to something we talked about 10 at the beginning of this. Your work in 11 analyzing the bonds referenced in your 12 Declaration for FGIC. And I would -- can you 13 tell me how much you were compensated by FGIC 14 for your work?</p> <p>15 A. Confidential.</p> <p>16 Q. Your compensation is 17 confidential?</p> <p>18 MR. GREEN: I object to that as 19 being confidential.</p> <p>20 MR. CARNEY: Okay. And you are 21 instructing him not to answer that 22 question?</p> <p>23 MR. GREEN: Yes.</p> <p>24 Q. And you did say that you worked 25 on your engagement for FGIC from, I believe,</p>
<p style="text-align: right;">Page 128</p> <p>1 R. D'VARI 2 you said 2010 to late 2011; is that correct?</p> <p>3 A. That is my current understanding. 4 But I haven't fully verified those dates.</p> <p>5 Q. That's your current 6 understanding?</p> <p>7 A. Yes. Estimates, yes.</p> <p>8 Q. Can you tell me how many people 9 from your firm worked on that FGIC 10 engagement?</p> <p>11 MR. GREEN: You can answer the 12 question.</p> <p>13 A. Not the exact number but a pretty 14 reasonable number of people.</p> <p>15 Q. Were they any of the same people 16 that worked on your engagement for ResCap in 17 producing your Declaration that we are 18 talking about today?</p> <p>19 A. Not directly, actually.</p> <p>20 Q. What do you mean by "not 21 directly"?</p> <p>22 A. Some of those -- again, I can't 23 tell you the scope and -- the scope was not 24 necessarily, you know, something that we can 25 discuss. So the folks that are working --</p>	<p style="text-align: right;">Page 129</p> <p>1 R. D'VARI 2 had worked on this assignment specifically 3 and the names that I have highlighted 4 specifically did the work, have not been 5 affiliated or worked on the prior assignment.</p> <p>6 Q. So those three people that you 7 worked with in your Declaration?</p> <p>8 A. Sure.</p> <p>9 Q. Did not work on the FGIC 10 engagement?</p> <p>11 A. Correct. Also, I want to add one 12 more name. Matt Lewis, didn't work directly 13 for me on this assignment but he 14 participated.</p> <p>15 Q. That's a segue to my other 16 question.</p> <p>17 A. And he was also not involved.</p> <p>18 Q. Did anyone that worked on the 19 analysis in your Declaration work on the FGIC 20 engagement?</p> <p>21 A. The answer is no, to the extent 22 that I recall.</p> <p>23 Q. How many -- can you tell me how 24 many hours you spent or your firm spent, 25 rather, on the FGIC engagement?</p>

<p style="text-align: right;">Page 130</p> <p>1 R. D'VARI</p> <p>2 MR. LAWRENCE: You can answer to 3 the extent that counsel for FGIC 4 allows you to do that.</p> <p>5 MR. GREEN: You can answer the 6 question.</p> <p>7 A. Frankly, I didn't even prepare it 8 to look at. I am not the CFO. I don't look 9 at numbers that way and those are produced 10 and normally handled so I am not -- I 11 haven't -- I haven't watched that.</p> <p>12 Q. So sitting here today, you 13 have -- you are testifying you have no idea 14 of the amount of hours you have spent -- your 15 firm spent on the FGIC engagement?</p> <p>16 MR. LAWRENCE: Objection. 17 Misstates his testimony.</p> <p>18 A. The way we are compensated in 19 different assignments are different and not 20 often always hourly. They have components of 21 hourly. They have components of -- again, 22 this is a general statement, not referring to 23 any specific assignments. Each assignments 24 would have different parameters to the way to 25 get compensated. Part of that has to do with</p>	<p style="text-align: right;">Page 131</p> <p>1 R. D'VARI</p> <p>2 the time we are allowed to spend on 3 particular assignment. Part of that relates 4 to urgency of that matter and how we can 5 reallocate resources. Sometimes we get paid 6 on a fixed fee for a given defined set of 7 parameters. Sometimes we get paid for 8 writing reports. Sometimes we get paid for 9 doing certain things that are not necessarily 10 in the actual outputs. So what I am saying 11 is I don't know the exact number of hours. 12 In some cases the exact hours were not 13 tracked because we may have, in a specific 14 project, because you are doing it on a fixed 15 price basis.</p> <p>16 Q. But do you have an idea whether 17 the hours were tracked or not, how much 18 employee time was spent on the FGIC 19 engagement?</p> <p>20 MR. LAWRENCE: Asked and 21 answered.</p> <p>22 A. As I said, I can't even give you 23 the ballpark. Given that I haven't 24 followed it.</p> <p>25 Q. Can you give me the ballpark on</p>
<p style="text-align: right;">Page 132</p> <p>1 R. D'VARI</p> <p>2 how much time you personally spent working on 3 the FGIC matter?</p> <p>4 A. Actually, I think on that one the 5 hours would have been, in my view, very 6 contained.</p> <p>7 Q. What do you mean by "contained"?</p> <p>8 A. Small. I wasn't running the 9 analysis. But I was supervising.</p> <p>10 Q. When you say "small," do you 11 mean --</p> <p>12 A. Small that means it is not 13 eight hours a day, you know, six months, 14 12 months. That's what it means.</p> <p>15 Q. Two hours a day? I'm trying to 16 get an idea.</p> <p>17 A. It is not a pattern that I 18 actually, you know, recall or paid 19 attention to.</p> <p>20 Q. So you couldn't tell me sitting 21 here today how much time you spent on it?</p> <p>22 A. No. We can review things but not 23 at this moment.</p> <p>24 Q. Now, I would like to ask you, did 25 you consider the work you did in the FGIC</p>	<p style="text-align: right;">Page 133</p> <p>1 R. D'VARI</p> <p>2 engagement in connection with the analysis 3 you did in the Declaration we have been 4 talking about today?</p> <p>5 A. As I said, no.</p> <p>6 Q. So you are telling me that 7 nothing you learned from your work at FGIC, 8 where you analyzed -- you say you analyzed 9 the same bonds and the same trust and same 10 time tranches, are you telling me that 11 nothing you learned from your work at FGIC 12 was used by you at all in the analysis you 13 contained -- contained in your Declaration?</p> <p>14 MR. LAWRENCE: Objection. Asked 15 and answered.</p> <p>16 You can answer.</p> <p>17 A. If every timeframe post crisis to 18 now, you have a totally different set of 19 circumstances. The 2013 June 1 versus the 20 market conditions as of, what you referred to 21 as FGIC exercise, 2011 and '10 are 22 dramatically different. So are the prices of 23 securities. So is the value of the stocks in 24 the marketplace. So are the home prices. So 25 the -- that's why we actually update our</p>

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<p>1 R. D'VARI</p> <p>2 analysis, the macro. We are now in a</p> <p>3 different position. Weeks was in a different</p> <p>4 position. Asia was in a different position.</p> <p>5 These are all factors that go into -- the</p> <p>6 specific of the trust obviously is documented</p> <p>7 and they're at Intex. That's not something</p> <p>8 that we need to. What's common is really</p> <p>9 what already Intex and everybody has. What</p> <p>10 is not common is how environment is changed</p> <p>11 from one point to another. So if you have a</p> <p>12 situation where you are dealing with</p> <p>13 essentially a different environment, you</p> <p>14 often -- you know, you will come up with</p> <p>15 different answers. You have had markets that</p> <p>16 have actually gone up by 60%. So therefore,</p> <p>17 the, everything is really at the point of the</p> <p>18 analysis. This is what the market you are</p> <p>19 looking at.</p> <p>20 Q. But you still used the NewOak</p> <p>21 RMBS Analysis Methodology in the FGIC</p> <p>22 engagement as well as this engagement,</p> <p>23 correct?</p> <p>24 A. The methodology --</p> <p>25 MR. GREEN: Objection.</p>	<p>1 R. D'VARI</p> <p>2 Objection. That's asking for</p> <p>3 confidential information about a</p> <p>4 previous engagement.</p> <p>5 MR. CARNEY: You are instructing</p> <p>6 him not to answer?</p> <p>7 MR. GREEN: To the extent it is</p> <p>8 revealing confidential information</p> <p>9 about the previous engagement, yes.</p> <p>10 A. I can comment on our methodology</p> <p>11 in general in context of anything else. Our</p> <p>12 methodology is independent and it is not</p> <p>13 client dependent.</p> <p>14 Q. But would you have used that</p> <p>15 methodology in the FGIC engagement and in</p> <p>16 this engagement?</p> <p>17 A. Again, I am not making comment</p> <p>18 about any specific assignment. I am saying I</p> <p>19 am giving you -- our methodology is our</p> <p>20 methodology and it is really, ultimately</p> <p>21 comes down to the scenarios that you are</p> <p>22 running, scenarios you are running for each</p> <p>23 case may be different depending on the type</p> <p>24 of questions you are trying to answer.</p> <p>25 Q. So you are telling me that</p>
Page 136	Page 137
<p>1 R. D'VARI</p> <p>2 basically when you were doing this analysis,</p> <p>3 you essentially shut your brain down from</p> <p>4 even thinking about FGIC?</p> <p>5 MR. LAWRENCE: Objection. Asked</p> <p>6 and answered. And it is becoming</p> <p>7 harassing actually.</p> <p>8 MR. GREEN: Objection to the</p> <p>9 form.</p> <p>10 Q. You didn't look at any of your</p> <p>11 notes from the FGIC engagement when you were</p> <p>12 doing this analysis?</p> <p>13 A. Again, you are asking -- at this</p> <p>14 point, we did not -- what we relied on is</p> <p>15 already provided here, which is, again, is a</p> <p>16 time varying evolving process. The specifics</p> <p>17 of the actual individual trusts are provided</p> <p>18 by Intex, and they are updated over time. So</p> <p>19 that's not something that I need to go back</p> <p>20 to anything. I just need to go back to</p> <p>21 Intex. Intex has that information that's</p> <p>22 available to everyone. And so do you.</p> <p>23 So as far as the methodology</p> <p>24 works, you need to look at on the forecast</p> <p>25 basis, which I talked to, on a forecast basis</p>	<p>1 R. D'VARI</p> <p>2 you have an input, which is dependent on the</p> <p>3 market condition as of the date of the</p> <p>4 analysis and every day in the market you have</p> <p>5 a -- not every day, but as time evolves, the</p> <p>6 assumptions evolve. So what I am saying is</p> <p>7 that the analysis as of any other date in the</p> <p>8 last five, six years, would not directly be</p> <p>9 relevant because you already have captured</p> <p>10 the history between that point to now. What</p> <p>11 you need to concern yourself with is what is</p> <p>12 going to happen from this point onward, which</p> <p>13 really depends on the market conditions of to</p> <p>14 date onward. So that's the way the analysis</p> <p>15 works.</p> <p>16 So therefore, not only there's no</p> <p>17 need for me to look back at what I did</p> <p>18 sometime in the past is actually not a</p> <p>19 general practice. Unless I was asked to</p> <p>20 review 2011 or 2010, there is no need for me</p> <p>21 to look at what happens because there -- it's</p> <p>22 a night and day.</p> <p>23 Q. So you used nothing from the FGIC</p> <p>24 engagement to do your analysis in this case?</p> <p>25 MR. LAWRENCE: Objection. Asked</p>

<p style="text-align: right;">Page 138</p> <p>1 R. D'VARI 2 and answered. 3 A. I have provided you what we 4 arrived on. The analysis is very blind. It 5 is only to the date you are looking at it and 6 what assumptions do we have, and we have 7 already provided you the inputs. The inputs 8 were freshly calculated as of the analysis 9 date.</p> <p>10 Q. So a yes or no question. Again, 11 this is my last question.</p> <p>12 MR. LAWRENCE: It is asked and 13 answered.</p> <p>14 But if you can answer a yes or 15 no, you can.</p> <p>16 A. Sure.</p> <p>17 Q. My question is, so you are 18 testifying that you used nothing from the 19 FGIC engagement we have been discussing in 20 connection with the analysis in this 21 Declaration?</p> <p>22 A. Yes.</p> <p>23 MR. CARNEY: Okay. With that, I 24 will yield the rest of the time. If I 25 preserve any, I might have leftover.</p>	<p style="text-align: right;">Page 139</p> <p>1 R. D'VARI 2 MR. LAWRENCE: It is 1:00 p.m. 3 (Whereupon, a lunch recess was 4 held.)</p> <p>5 6 7 8 9</p>
<p style="text-align: right;">Page 140</p> <p>1 R. D'VARI 2 ***AFTERNOON SESSION*** 3 CONTINUED EXAMINATION BY 4 MR. BAIO:</p> <p>5 Q. My name is Joe Baio. I represent 6 certain investors in certain of the FGIC 7 Insured Trusts, and I will be asking you some 8 questions now.</p> <p>9 Do you prefer to be called 10 Dr. D'Vari or Mr. D'Vari?</p> <p>11 A. D'Vari, Ron, it doesn't really 12 matter.</p> <p>13 Q. I won't use your first name, but 14 Mr. or Doctor, which should I use.</p> <p>15 A. Mr. is fine, with or without.</p> <p>16 Q. Okay. I won't -- just the last 17 name. Mr. D'Vari. Mr. D'Vari, can you look 18 at Exhibit 4, which is the Declaration that 19 you provided in support of the motion.</p> <p>20 A. Is that 5 or 4?</p> <p>21 Q. I may have the wrong number. It 22 is Exhibit 5, I apologize. Exhibit 5.</p> <p>23 A. No problem.</p> <p>24 Q. Did you write any of the words 25 that appear in this report?</p>	<p style="text-align: right;">Page 141</p> <p>1 R. D'VARI 2 A. Yes. 3 Q. Or on this Declaration? 4 A. Yes. 5 Q. You did. Did others write it 6 with you? 7 A. Yes, I have a staff that 8 helps out. 9 Q. Did you review it carefully 10 before you signed it? 11 A. Yes, I did. This ultimately was 12 my opinion. 13 Q. Did you believe at the time that 14 you signed it, which was June 7th, 2013, that 15 everything in there was accurate? 16 A. Accurate? 17 Q. Yes. 18 A. Yes. 19 Q. And did you ask your colleagues 20 who work with you to similarly be sure that 21 everything in this document was accurate? 22 A. Correct. 23 Q. Now, let's look at your opinion 24 in Paragraph 2. I know you have testified a 25 bit about it, but I want to focus a little</p>

<p style="text-align: right;">Page 142</p> <p>1 R. D'VARI 2 bit more on it. 3 A. Sure. 4 Q. You offer this Declaration to 5 opine on and then you have two items; is that 6 correct? 7 A. Yes. 8 Q. Let's go over the first item, 9 first in your opinion. You are to opine on 10 quote "the lifetime expected collateral 11 losses of the RMBS trusts, paren the FGIC 12 Insured Trusts close paren, referenced in 13 Exhibit B of the FGIC ResCap Settlement 14 Agreement, paren the Settlement Agreement, 15 close paren, which I understand to be the 16 basis asserted by the trustees for the amount 17 of their claims" and let's do close quote 18 there. You see that language, right? 19 A. Yes, I do. 20 Q. What is the Settlement Agreement 21 that you are referring to in the document 22 that you signed on June 7th? 23 A. The Settlement Agreement is 24 between FGIC trustees and ResCap. 25 Q. Okay. And you reviewed that</p>	<p style="text-align: right;">Page 143</p> <p>1 R. D'VARI 2 Settlement Agreement; is that correct? 3 A. Not in details. 4 Q. Did you review it in any way, 5 shape, or form? 6 A. Very casually. 7 Q. Do you understand that it 8 involves a proposed \$253.3 million 9 commutation payment? 10 A. I did not go through the details 11 of that at all. 12 Q. Okay. You do refer to Exhibit B 13 of that Settlement Agreement. Did you review 14 that document? 15 A. It wasn't something that we 16 relied on. 17 Q. Well, when you look at page 12 -- 18 sorry, Paragraph 12 of your Declaration, your 19 first sentence in Paragraph 12 is quote "I 20 examined 47 FGIC Insured Trusts listed in 21 Exhibit B to the Settlement Agreement." 22 A. Right. 23 Q. Do you see that? 24 A. Yes, I do. 25 Q. So what you looked at were the</p>
<p style="text-align: right;">Page 144</p> <p>1 R. D'VARI 2 FGIC Insured Trusts that were identified in 3 the Settlement Agreement, correct? 4 A. That's really the most -- the 5 only relevant connection between the 6 settlement. 7 Q. That is the population that you 8 looked at; is that correct? 9 A. The population was provided to us 10 by the counsel, which was represented as part 11 of the Exhibit B of the Settlement Agreement. 12 Q. And you have no reason to believe 13 that representation was inaccurate, do you? 14 A. Perhaps. 15 MR. LAWRENCE: Dr. D'Vari, if 16 you let Mr. Baio finish his question 17 before you answer. It is for the 18 Court Reporter's -- so she can't type 19 over both of your conversations. 20 Q. You have no reason to believe 21 that representation that you received about 22 the 47 trusts in Exhibit B was inaccurate; is 23 that correct? 24 A. Correct. 25 Q. Now, you refer in the sentence --</p>	<p style="text-align: right;">Page 145</p> <p>1 R. D'VARI 2 or the first opinion that you provided that 3 quote, "you understand to be the basis 4 asserted by the trustees for the amount of 5 their claims." Do you see that? 6 A. Correct, I do. 7 Q. Where did you get that 8 understanding? 9 A. From primarily the counsel. 10 Q. When you are referring to claims 11 asserted by the trustees, do you mean by the 12 FGIC Insured Trust trustees? 13 A. No, the trustees of the bonds. I 14 mean the vehicles. 15 Q. And the vehicles are the 16 47 trusts that you reviewed, correct? 17 A. The 47 trusts, yes. 18 Q. So this is the trust that would 19 be asserted by the trustees of those 20 47 trusts? 21 A. Correct. 22 Q. That's the claims that you were 23 referring to, correct? 24 A. References those. 25 Q. Yes. And claims against whom?</p>

<p style="text-align: right;">Page 146</p> <p>1 R. D'VARI</p> <p>2 A. Not really something that we 3 needed to know.</p> <p>4 Q. Well, is it your understanding, 5 as you provided this opinion and when you 6 referred to claims, that it was claims by 7 those trustees against FGIC?</p> <p>8 A. No.</p> <p>9 Q. Okay. Who did you understand 10 that those claims would be against?</p> <p>11 A. The debtors.</p> <p>12 Q. Okay. It is only against the 13 debtors, not against FGIC?</p> <p>14 A. That's my understanding.</p> <p>15 Q. When you look at the -- I am 16 going to go to the based on this 17 understanding and then I will go back to -- 18 let me do it in a different order.</p> <p>19 Your second opinion relates to 20 the following, quote, "The extent of any past 21 or future losses to holders of securities 22 issued by the FGIC Insured Trusts not insured 23 FGIC."</p> <p>24 Do you see that?</p> <p>25 A. Yes, I do.</p>	<p style="text-align: right;">Page 147</p> <p>1 R. D'VARI</p> <p>2 Q. You state, "which I understand to 3 be outside the scope of the release provided 4 by the Settlement Agreement." Close quote. 5 Do you see that?</p> <p>6 A. I do.</p> <p>7 Q. What release were you 8 referring to?</p> <p>9 A. Let me just think through that 10 and I will answer. My understanding that 11 would be the release effectively by FGIC 12 against the debtors.</p> <p>13 Q. Well, read the next sentence and 14 see if that changes your view, and by the 15 next sentence I mean "Based on this 16 understanding, as described further below, I 17 believe that a conservative estimate of the 18 aggregate amount of the claims released by 19 the FGIC trustees as defined below under the 20 Settlement Agreement is approximately 21 \$5 billion."</p> <p>22 A. I want to correct the prior 23 answer that would have been FGIC and the 24 trustees as it relates to tranches of 25 borrowings that would be wrapped by FGIC. So</p>
<p style="text-align: right;">Page 148</p> <p>1 R. D'VARI</p> <p>2 I assume that's a three way. Now, please ask 3 the question -- the second question.</p> <p>4 Q. Is it your understanding that the 5 released claims that you identify in the 6 sentence I just read are, among other things, 7 claims by the FGIC trustees against others 8 that are being released?</p> <p>9 A. If you go back to the sentence 10 that you had before.</p> <p>11 Q. Yes.</p> <p>12 A. That is, which I understand to be 13 the basis, I take that as a given.</p> <p>14 Q. Okay.</p> <p>15 A. Not something that I am 16 opining on.</p> <p>17 Q. Understood. But it is an 18 understanding that you have and then reaching 19 the conclusion that is described in the 20 sentence that begins with the words "based on 21 this understanding"; is that correct?</p> <p>22 A. Correct.</p> <p>23 Q. Okay. And when you referred to 24 the claims released by the FGIC trustees you 25 are referring to the aggregate amount of the</p>	<p style="text-align: right;">Page 149</p> <p>1 R. D'VARI</p> <p>2 claims that the FGIC trustees will be 3 given -- giving up in the settlement which 4 includes claims against FGIC, correct?</p> <p>5 A. Not the actual claim, but the -- 6 it says "conservative estimate." So there is 7 nothing in the sentence talks about 8 actualities, talks about the potential size 9 and again, it is a mathematical construct as 10 opposed to opining on what the claims may or 11 may not be.</p> <p>12 Q. Well, you did give an estimate of 13 those claims, correct?</p> <p>14 A. No.</p> <p>15 Q. You gave an estimate of what the 16 losses would be that would be suffered by the 17 trusts as a result of impairments in the 18 collateral?</p> <p>19 A. No.</p> <p>20 Q. I want to go back to the sentence 21 and see what you are referring to. Leave 22 aside conservative estimate.</p> <p>23 A. Yes.</p> <p>24 Q. When you referred to the claims 25 released by the FGIC trustees, in that</p>

<p style="text-align: right;">Page 150</p> <p>1 R. D'VARI</p> <p>2 sentence, is it accurate that you are 3 referring to claims that the FGIC trustees 4 are releasing under the Settlement Agreement 5 against FGIC, among others?</p> <p>6 MR. DEVORE: Objection to form.</p> <p>7 A. Again, it is based on assumption, 8 not the total losses of collateral is their 9 claim, which I was provided. That's the 10 understanding.</p> <p>11 Q. Yes. And it is the claims that 12 are being released are claims against FGIC, 13 among others?</p> <p>14 MR. DEVORE: Objection to form.</p> <p>15 MR. LAWRENCE: Objection.</p> <p>16 Q. Correct?</p> <p>17 A. Again, the particulars is not 18 what I reviewed. All I am saying is that 19 that number is nothing but subtraction math. 20 Collateral losses less our estimated losses 21 on tranches, two different animals, you get 22 to a number and if certain claims are 23 released by definition, if you assume the 24 total claim is equal, assumed, not a given 25 fact, it is not our place to opine on, was</p>	<p style="text-align: right;">Page 151</p> <p>1 R. D'VARI</p> <p>2 5.4 billion was the total, then the 3 difference between those two would be 4 attributable to the difference.</p> <p>5 Q. I hear what you're saying and I 6 am going to move to strike. I am asking you 7 about the claims. You are using a word in 8 your document that you signed "claims 9 released by the FGIC trustees under the 10 Settlement Agreement." What claims were you 11 referring to when you used those words in 12 Paragraph 2, the opinion paragraph, that you 13 have provided to us and to the court?</p> <p>14 A. Please repeat the question and 15 specifically on the what.</p> <p>16 Q. Claims released by the FGIC 17 trustees, what claims were you talking about 18 in that sentence?</p> <p>19 A. They are aggregate total claims 20 of the trustees in this matter is the 21 collateral losses as I was told.</p> <p>22 Q. Okay.</p> <p>23 A. So if certain -- if the estimate, 24 there are two parties, several parties 25 involved. And if you estimate one piece, you</p>
<p style="text-align: right;">Page 152</p> <p>1 R. D'VARI</p> <p>2 subtract it from the total, not saying that 3 the total is representing anything, the 4 number you get is five point -- 5 billion and 5 change. That would be effectively the 6 difference between those two numbers. That's 7 all I am saying.</p> <p>8 Q. I move to strike again. I'm only 9 asking about the claims that you are 10 referring to in this sentence you're talking 11 about claims released by the FGIC trustees 12 under the Settlement Agreement. Let's leave 13 aside the valuation. Those claims are claims 14 that have been asserted by the FGIC trustees 15 against, among others, FGIC, correct?</p> <p>16 MR. DEVORE: Objection to form.</p> <p>17 MR. LAWRENCE: Objection.</p> <p>18 Misstates his testimony.</p> <p>19 A. Yes.</p> <p>20 Q. Can you answer that yes or no?</p> <p>21 A. Please repeat it again.</p> <p>22 Q. The claims that you are referring 23 to, when you refer to claims released by the 24 FGIC trustees under the Settlement Agreement, 25 what are those claims?</p>	<p style="text-align: right;">Page 153</p> <p>1 R. D'VARI</p> <p>2 A. It goes back to the prior 3 sentence that it says assuming, based on our 4 understanding, not our opinion.</p> <p>5 Q. Yes.</p> <p>6 A. Right. Very different. Based on 7 our understanding, if the total claims 8 asserted is the total collateral losses and 9 we estimate the total collateral losses to be 10 5.4 billion.</p> <p>11 Q. Yes.</p> <p>12 A. And if we then also -- the Part 2 13 of our question is to estimate the non-FGIC 14 wrapped potential losses, which also 15 calculated, if you subtract those 16 two numbers, you effectively -- and if they 17 are released by the trustee is specifically 18 saying then they will release everything.</p> <p>19 Q. Yes.</p> <p>20 A. Except the potential claim for 21 the non-wrap portion, it is a simple 22 mathematical subtraction that what would be 23 remaining would be 5 billion that would be 24 released from trustees point of view when 25 they do that. It is a mathematical, not an</p>

<p style="text-align: right;">Page 154</p> <p>1 R. D'VARI 2 opinion. 3 Q. I think you have answered the 4 question as to what the claims are. I am not 5 asking about the opinion. I asked what the 6 claims were. 7 MR. LAWRENCE: I will object to 8 that whole line of questioning as 9 calling for a legal conclusion. 10 Q. Okay. I am just asking what the 11 words were that he used. Do you want to 12 change any of the words that you used in the 13 opinion paragraph that you have here? 14 A. No. It is just your 15 interpretation. I will leave it at that. 16 Q. The words are okay, you don't 17 want to change a single word? 18 A. It is what it is. 19 Q. Good. Now, let's look at 20 Paragraph 22 of the Declaration that you 21 signed on June 7th. By the way, have you 22 done any analysis or undertaken any work 23 since June 7th that causes you to change 24 anything that appears in this Declaration? 25 A. No.</p>	<p style="text-align: right;">Page 155</p> <p>1 R. D'VARI 2 Q. Now, Paragraph 22 talks about 3 forecasting future collateral losses, 4 correct? 5 A. For specifically the collateral 6 losses in this case. Nothing -- again, we 7 are not talking about bonds. 8 Q. And you state in Paragraph 22, 9 quote, "To evaluate the expected future 10 losses for each FGIC insured trust I and my 11 team of experienced analysts acting under my 12 supervision applied NewOak's RMBS Analysis 13 Methodology." Do you see that language? 14 A. Yes, I do. 15 Q. And that's accurate, correct? 16 A. That's definitely accurate. 17 Q. Now, the RMBS -- the NewOak RMBS 18 Analysis Methodology, how long have you been 19 using that? 20 A. Process is very similar along the 21 way. The assumptions are market dependent 22 and NewOak has been in existence for more 23 than five years, and I have been in the 24 business more than -- from effectively doing 25 this type of work as early as 1998 on</p>
<p style="text-align: right;">Page 156</p> <p>1 R. D'VARI 2 sub-prime non-agency. 3 Q. Okay. Leaving aside the fact 4 that the inputs can change based on market 5 developments, is the methodology that you 6 have been using and that you used here 7 approximately the same methodology over the 8 years that you identified? 9 A. To the extent that you arrive at 10 the vectors for voluntary prepayment, for CDR 11 and for severity, once you get there, then 12 everything else is very mechanical process 13 going to -- through Intex and that portion, 14 typically doesn't change. Whether you use it 15 from an Excel sheet running into Intex or you 16 use it from a web based or you use it -- 17 from, you know, a C code driven application, 18 but the actual mechanical process effectively 19 would be similar. 20 Q. Over the range of from 1998 to 21 the present; is that correct? 22 A. No, no. 23 Q. From when? Over what period? 24 A. Let's say from the history of 25 NewOak Capital.</p>	<p style="text-align: right;">Page 157</p> <p>1 R. D'VARI 2 Q. Which is five years? 3 A. Five years, yes. 4 Q. You then state in that paragraph, 5 quote "that methodology creates independent 6 projections for each trust and group of loans 7 based on their own characteristics and 8 historical performance." 9 A. Correct. 10 Q. Period, close quote. You say 11 that that's accurate, correct? 12 A. Yes, it is. 13 Q. Your next sentence says "NewOak 14 has applied this methodology successfully for 15 its RMBS whole loan pools and mortgage 16 servicing rights cash flow analysis and loss 17 estimation for many of its large 18 institutional clients." 19 Do you see that? 20 A. Yes, I do. 21 Q. That also is accurate; is that 22 correct? 23 A. It sure is. 24 Q. The next paragraph states quote 25 "NewOak's RMBS Analysis Methodology considers</p>

<p style="text-align: right;">Page 158</p> <p>1 R. D'VARI 2 information and relies upon assumptions 3 customarily employed by market participants." 4 Do you see that? 5 A. Yes. 6 Q. What do you mean by that? What 7 do you mean by "market participants"? 8 A. Well, there are bondholders. 9 There are investors. There are people that 10 buy and sell. There are intermediaries. 11 There are regulators that potentially want to 12 see numbers. They hire agents. So 13 institutional investors including the 14 sovereign trade practitioners. 15 Q. Is it your testimony that the 16 methodology that you employed in this matter 17 considers information and relies upon 18 assumptions that those market participants 19 themselves employ so far as you know? 20 A. Customarily. Customarily. Again 21 I go back -- voluntary prepayment, CDRs and 22 severities. That is a customary way to drive 23 Intex to get cash flows and then from those 24 cash flows, estimate tranches. Intex is a 25 market accepted tool. Securities get traded</p>	<p style="text-align: right;">Page 159</p> <p>1 R. D'VARI 2 on that basis and they use it for accounting 3 purposes. They use it for all sorts of other 4 things. Now, as far as developing your own 5 assumptions, you need to take input from the 6 market and you also need to have internal 7 assessment of what future has and then apply 8 those in that manner. So that's what the 9 process is. 10 Q. That's what you did, if you go 11 back to Paragraph 2, to opine on the lifetime 12 expected collateral losses of the RMBS 13 trusts; is that correct? 14 A. Correct. And on the forecasted 15 portion. 16 Q. On the forecasted portion because 17 the non-forecasted portion is given as you 18 have testified, correct? 19 A. It is an objective number that 20 you need to have information on, which is 21 Intex provides. 22 Q. All right. Now if you look at 23 Paragraph 28 you refer to -- you state the 24 following, quote, "Next, we account for 25 macroeconomic influences resulting in a</p>
<p style="text-align: right;">Page 160</p> <p>1 R. D'VARI 2 quote, 'Base Case,' close quote, collateral 3 performance projection." 4 Do you see that? 5 A. Yes. 6 Q. What do you mean by "Base Case"? 7 A. Base Case is our expected case 8 given everything we know as of today and our 9 view of how things will develop and I will 10 leave it at that. 11 Q. When you say "expected," you mean 12 more expected than either a more optimistic 13 case or a more pessimistic case, is that what 14 you mean? 15 A. Please clarify the question 16 again. Repeat it. 17 Q. You said "The Base Case is our 18 expected case given everything we know as of 19 today and our view of how things will 20 develop," correct? 21 A. That's the expected numbers. 22 Q. You also do other -- you make 23 other assumptions that are more optimistic or 24 more pessimistic than those that you use in 25 the Base Case, correct?</p>	<p style="text-align: right;">Page 161</p> <p>1 R. D'VARI 2 A. Not in this case but in general. 3 Q. Let's look at Exhibit 1 because I 4 do want to understand what Exhibit 1 is. 5 A. Sure. 6 Q. In Exhibit 1 you have certain 7 elements, you may have another word for them. 8 A. It is a driving elements. 9 Q. Okay. It Includes change in HPI, 10 housing price index, unemployment and credit 11 availability, as you have testified? 12 A. Absolutely. 13 Q. If you look on the left-hand side 14 of this chart, there are percentages. You 15 will see most optimistic, optimistic, Base 16 Case, pessimistic, most pessimistic. Do you 17 see that? 18 A. I do. 19 Q. And why do you have those 20 changes? 21 A. Those are for stress testing that 22 is done for -- often regulatory purposes for 23 determining some of the capital adequacy for 24 some larger banks and so on and so forth. 25 Q. So you did not do that in</p>

<p style="text-align: right;">Page 162</p> <p>1 R. D'VARI 2 connection with the work that you did that is 3 embodied in Exhibit 5, correct? 4 A. No. 5 Q. But this is work that you do -- 6 that is you -- strike that. 7 You include most optimistic, 8 optimistic, Base Case, pessimistic, and most 9 pessimistic considerations in evaluations you 10 do using your methodologies for other 11 purposes, correct? 12 A. Correct. As you notice, this is 13 as of April 2013. So predates our analysis 14 for, or even being contacted. 15 Q. You are on the committee that 16 establishes these? 17 A. Yes. 18 Q. You head that committee, correct? 19 A. Yes, I coach it. 20 Q. You what? 21 A. Coach it. 22 Q. Coach? 23 A. Coach. 24 Q. Okay. You are involved in the 25 deliberations to determine what should be put</p>	<p style="text-align: right;">Page 163</p> <p>1 R. D'VARI 2 in the Base Case, what should be put in the 3 most optimistic case, et cetera? 4 A. Sometimes I am present. 5 Sometimes I am not. But I do definitely 6 review the output. 7 Q. You do the final okay on them, 8 correct? 9 A. The committee comes up and if I 10 have an objection, I will raise it. 11 Q. Okay. Now, since April of 2013, 12 have you updated any of these estimates? 13 A. No, April, May numbers were not 14 updated. After, you know -- this is, again, 15 the analysis was June 1st, so April, May, we 16 effectively stayed on course. 17 Q. Independent from what you did in 18 this case, have you at NewOak updated any of 19 these evaluations? 20 A. To my understanding, this is the 21 latest we have as of June 1st. 22 Q. When do you anticipate doing the 23 next one? 24 A. I believe, actually, we may have 25 done one very recently.</p>
<p style="text-align: right;">Page 164</p> <p>1 R. D'VARI 2 Q. Okay. And do you remember if, 3 with respect to HPI, the numbers that appear 4 here have changed? 5 A. As you notice at the bottom, 6 there are 036, these are effectively as of 7 day of application. 8 Q. Yes. 9 A. So when you come to a certain 10 point, you need to essentially think about 11 whether -- whether the curve has shifted or 12 is it the same date. 13 Q. Yes. 14 A. I don't fully recall whether 15 those numbers have changed since the date of 16 the analysis. 17 Q. Do you recall the direction that 18 they may have changed, up or down, more 19 optimistic, less optimistic with respect 20 to HPI? 21 MR. LAWRENCE: Objection. That 22 mischaracterizes his testimony. 23 Q. With respect to HPI? 24 A. I don't specifically recall 25 whether those numbers turned up or down, but</p>	<p style="text-align: right;">Page 165</p> <p>1 R. D'VARI 2 we do believe these numbers are affected by 3 other factors including, you know, 4 testimonies and other things. 5 Q. And you have been collecting, 6 evaluating those, that data, correct? 7 A. Correct. 8 Q. On a regular basis? 9 A. Right. But the analysis is done 10 as of a certain date. 11 Q. Yes. 12 A. So the date of the analysis is 13 June 1st. 14 Q. Right. But what I am asking you 15 is if you have done these estimations, if you 16 have done an update of those estimations not 17 for purposes of this case but for purposes of 18 the work that do you at NewOak? 19 A. Post release of this -- 20 Q. Yes. 21 A. -- report and the analysis? The 22 numbers may have changed, but I don't recall 23 exactly which way. 24 Q. We request them for all of the -- 25 all of the indications here, HPI, credit</p>

<p style="text-align: right;">Page 166</p> <p>1 R. D'VARI 2 availability, and unemployment. 3 I assume you will take it under 4 advisement and get back to me? 5 A. I will take it under advisement. 6 MR. LAWRENCE: We will take it 7 under advisement. 8 Q. From that date, just based on all 9 of your experience, do you think things are 10 getting better or worse? 11 A. In general? 12 Q. Yes. 13 A. I think they are -- effectively 14 they are in the same range. 15 Q. Okay. 16 A. Effectively. With the potential, 17 you know -- we are effectively in the same 18 range. 19 Q. You continue to monitor and you 20 may reevaluate that based on events that 21 occur? 22 A. Yes. 23 Q. Okay. Now, if you look at 24 Paragraph 31 of your Declaration, which is 25 Exhibit 5.</p>	<p style="text-align: right;">Page 167</p> <p>1 R. D'VARI 2 A. Yes. 3 Q. You state, quote, "In summary, 4 the total lifetime collateral losses in FGIC 5 Insured Trusts are" and then you have a 6 number of calculations, "which lead to a 7 future remaining expected loss of 8 \$1,743,740,371." 9 Do you see that? 10 A. I do. 11 Q. And that is the expected 12 remaining -- sorry, the remaining future 13 expected loss as you have described here 14 based on the calculations that you performed 15 as described in this document, correct? 16 A. For collateral? 17 Q. Yes. 18 A. As of the date of the analysis. 19 Q. Is that a nominal number or is it 20 present valued in any way? 21 A. No, those are denominational numbers. 22 Q. Did you do any present value 23 work? 24 A. No. That was not required. 25 Q. In connection with what you do at</p>
<p style="text-align: right;">Page 168</p> <p>1 R. D'VARI 2 NewOak, do you do present valuing for any of 3 the evaluations that you do for market 4 participants? 5 A. For different purposes, yes. 6 Q. Okay. Have you done it in 7 connection with these trusts? 8 A. No, we did not. 9 Q. Can you look at what we have 10 marked as Exhibit 4, the Miller Affidavit, 11 Paragraph 12? 12 A. Yes. 13 Q. It states "Lazard also reviewed 14 runoff projections previously prepared by 15 FGIC in consultation with its advisors, 16 including Blackstone Advisory Partners and 17 stress case assumptions for FGIC's insured 18 portfolio developed by NewOak Capital 19 Advisors an independent financial advisor 20 retained by counsel to FGIC." 21 Do you see that? 22 A. Yes. 23 Q. You have no reason to believe 24 that that statement is inaccurate, correct? 25 A. Correct.</p>	<p style="text-align: right;">Page 169</p> <p>1 R. D'VARI 2 Q. You believe it is accurate? 3 A. Yes. 4 Q. You believe that Lazard did, in 5 fact, review stress assumptions, stress case 6 assumptions for FGIC's insured portfolio 7 developed by your firm, correct? 8 MR. LAWRENCE: Objection. Lacks 9 foundation. Calls for speculation. 10 A. It is what it says. 11 Q. And you, in fact, performed 12 stress case assumptions for FGIC's insured 13 portfolio; isn't that correct? 14 THE WITNESS: Counsel? 15 MR. GREEN: You can answer that 16 to the extent it is not revealing 17 confidential information about that 18 previous engagement that's not already 19 stated here. 20 MR. LAWRENCE: So just a yes 21 or no. 22 A. Yes. 23 Q. Okay. And do you know if we have 24 been provided that, that is anyone on the -- 25 do you know if any of the trustees or --</p>

<p style="text-align: right;">Page 170</p> <p>1 R. D'VARI 2 strike that. 3 Do you know if any of the 4 investors in the trust have received this 5 information that Lazard claims to have 6 reviewed? 7 A. Not through us. 8 MR. BAIO: So that it is crystal 9 clear, we request it if we haven't 10 received it. It is something that 11 Lazard reviewed. It refers to stress 12 case assumptions. I don't know how we 13 are suppose to cross-examine without 14 that. So I will renew the request and 15 I want it clear on the record that we 16 want that stuff. 17 MR. GREEN: Just to clarify, you 18 are requesting information that the 19 witness has testified that he did not 20 consider at all in writing the report 21 that is before us? 22 MR. BAIO: Lazard considered 23 certain things and people have used 24 those numbers. We want to know what 25 the basis is. And we will go to the</p>	<p style="text-align: right;">Page 171</p> <p>1 R. D'VARI 2 court on that. That's all. 3 MR. DEVORE: To be clear you 4 have not deposed Lazard. 5 MR. BAIO: We have just 6 requested to do so. 7 MR. DEVORE: You have not prior 8 to today. 9 MR. BAIO: If you think we are 10 not entitled, we will bring it up with 11 the court. We don't need a lot time. 12 I don't know if we did with this. I'm 13 not sure we knew we didn't have it. 14 Any way it is what it is. 15 MR. LAWRENCE: It was stated in 16 here. I will state the debtor's 17 objection that Mr. -- that Dr. D'Vari 18 is here as an expert witness, not as a 19 fact witness. He is here to testify 20 about his opinions in his Declaration. 21 Not some document that's in a 22 Declaration from some Mr. Miller from 23 Lazar. 24 MR. BAIO: Fine. We have made 25 the request and we will dance before</p>
<p style="text-align: right;">Page 172</p> <p>1 R. D'VARI 2 the court. 3 MR. GREEN: One more 4 clarification. Who is the request 5 being made to? 6 MR. BAIO: It's being made both 7 to FGIC, to the witness, and to 8 anybody else who has it who is in the 9 room. 10 MR. HAO: Can you explain the 11 basis for the request? 12 MR. BAIO: I'm explaining 13 nothing. I am done now. I've 14 explained it on the record. We are 15 not burning any more time here. If 16 you're confused, we will talk off the 17 record. 18 BY MR. BAIO: 19 Q. Have you seen this Affidavit 20 before? 21 A. No. Other than today. 22 Q. Have you seen any Duff & Phelps 23 report? 24 A. No. 25 Q. Do you know what the Duff &</p>	<p style="text-align: right;">Page 173</p> <p>1 R. D'VARI 2 Phelps report is? 3 A. No. 4 MR. BAIO: I have no further 5 questions. 6 EXAMINATION BY 7 MR. SHORE: 8 Q. Good afternoon, Mr. D'Vari. I am 9 Chris Shore from White & Case on behalf of 10 the Ad Hoc Group of Junior Secured 11 Noteholders. I have some follow-up 12 questions. 13 How did you get the ResCap 14 assignment? 15 A. I got a call from a -- actually, 16 one of our new employees had been approached 17 and then by Morrison, ultimately. 18 Q. Okay. And when did you first 19 start work on the ResCap assignment? 20 MR. LAWRENCE: Objection. Asked 21 and answered. 22 Q. Well, I think you said the end of 23 June but your Declaration is June 7th. So 24 can you give me a little more specificity 25 when in relation to the issuance of your</p>

<p style="text-align: right;">Page 174</p> <p>1 R. D'VARI 2 report you were retained by the debtors? 3 A. Somewhere in between. I mean, 4 essentially between those two dates, yes. 5 Q. Well, when did you first start 6 work on the ResCap matter? 7 A. Immediately. 8 Q. Okay. And when was that in 9 relation to the issuance of your report? 10 A. When was -- sorry, please 11 clarify. 12 Q. Your report was, you signed on 13 June 7th? 14 A. Right. 15 Q. Okay. How much prior to that or 16 how long -- 17 A. Sorry, did you say June or July? 18 Q. June. 19 MR. LAWRENCE: Take a look at 20 Exhibit 5 just to clarify things, 21 Chris. So get Exhibit 5, it is right 22 here, Dr. D'Vari. 23 Q. Tell me what date you signed that 24 document. 25 A. The approach was towards the</p>	<p style="text-align: right;">Page 175</p> <p>1 R. D'VARI 2 Thanksgiving day. And the report was issued 3 June 7th. 4 Q. Your approach was towards 5 Thanksgiving day, November? 6 A. Sorry, essentially around end 7 of May. 8 Q. End of May, okay. So when around 9 the end of May? 10 A. Don't recall the exact date. 11 Q. Did you keep time records on this 12 engagement? 13 A. Yes, we do. 14 MR. SHORE: Will you produce the 15 time records that will show, you can 16 redact whenever you want, but I want 17 know when the start date was for the 18 work that Mr. D'Vari did in connection 19 with the issuance of his report. 20 MR. LAWRENCE: We will take it 21 under advisement. I will say that his 22 retention application includes the 23 engagement letter. So you should be 24 able to get the information there as 25 well.</p>
<p style="text-align: right;">Page 176</p> <p>1 R. D'VARI 2 MR. SHORE: But the engagement 3 letter doesn't tell me when the 4 witness started working on it. 5 Q. How much time did you spend in 6 the preparation of D'Vari Number 5? 7 A. The team? 8 Q. You. 9 A. Oh, myself? 10 Q. Yes. 11 A. The portion of the assignment 12 that relates to calculating the actual 13 numbers that goes into the report are not 14 really recorded per se. 15 Q. How much time did you personally 16 spend on the preparation of the D'Vari 17 Number 5? 18 A. I would say that would exceed, 19 perhaps, 20 or 30 hours. 20 Q. And how much of that 20 to 21 30 hours was spent in forming the opinions 22 and how much was spent in drafting the 23 document? 24 A. The drafting is not -- I have a 25 team. You have to recognize the number of</p>	<p style="text-align: right;">Page 177</p> <p>1 R. D'VARI 2 people involved here, at least we mentioned 3 four of them, including myself, would be 4 five, and the analysis -- there was quite a 5 bit of interaction by myself and the team in 6 terms of -- as a matter of fact, figuring out 7 the non-wrapped bonds and how to approach 8 those. So there is a substantial amount of 9 time spent. 10 Q. Let me ask my question again. 11 Can you breakdown the 20 to 30 hours in the 12 time you spent analyzing the issue and the 13 time you spent drafting the report? 14 A. That was an estimate that I need 15 to verify and I will come back to you on 16 that, if you wish. 17 MR. LAWRENCE: Dr. D'Vari, I 18 mean, you are here to testify to what 19 you can recall here today. So that's 20 how this works. So just testify to 21 what you can recall here today. If 22 Mr. Shore has any requests to the 23 debtors, he will make those requests 24 to the debtors. Just based on your 25 memory here today.</p>

<p style="text-align: right;">Page 178</p> <p>1 R. D'VARI 2 A. It would be, based on my memory, 3 it would have been more than 30, 40 hours. 4 Q. So now we are at -- 5 A. That's just myself. 6 Q. I am just asking for yourself. 7 How much time did you personally spend in the 8 preparation of D'Vari Number 5, both in doing 9 the analysis that's expressed therein and 10 drafting it? 11 A. That's probably around 30 to 40, 12 as I said. But again, totally an estimate. 13 Q. In connection -- at any time 14 since being hired by ResCap, have you spoken 15 with ResCap management? 16 A. No. 17 Q. Have you ever spoken to the -- 18 the board of directors of ResCap? 19 A. No. 20 Q. Have you ever spoken to 21 Lewis Kruger? 22 A. No. 23 Q. Do you know who Lewis Kruger is? 24 A. No. 25 Q. Did you ever speak to anybody</p>	<p style="text-align: right;">Page 179</p> <p>1 R. D'VARI 2 representing the official committee of 3 unsecured creditors in ResCap? 4 A. Unsecured credit committee. 5 Q. That you know of. 6 A. I don't know who they are, so I 7 can't tell you. 8 Q. Have you ever spoken to anybody 9 at Kramer Levin with respect to the opinions 10 expressed in D'Vari Number 5? 11 A. No. 12 Q. How much have you charged the 13 estate for the preparation of D'Vari 14 Number 5? 15 A. The total dollar amount? 16 Q. The total. 17 A. I can't -- I don't know the exact 18 numbers to state. If you can -- you want to 19 bracket it? 20 Q. Sure. You can bracket it. 21 A. Probably around 300 or 200. 22 Somewhere or that's -- 23 Q. When in relation to the signing 24 of D'Vari 5, which is June 7th, did you first 25 reach your conclusions that you are</p>
<p style="text-align: right;">Page 180</p> <p>1 R. D'VARI 2 expressing in D'Vari 5? 3 A. Yes, when we actually have -- we 4 have already been drafting. 5 Q. Okay. So when did you reach the 6 conclusions in relation to June 7th, was it 7 on June 7th, was it June 3rd? 8 A. The numbers were being produced, 9 being examined, being looked at, tables were 10 getting produced and so on and so forth. 11 There is a lot of aggregation of numbers 12 involved. So in between, my team was working 13 for plug ins in the numbers. 14 Q. When was the first date you can 15 recall giving Morrison & Foerster an 16 indication of what the numbers were going 17 to be? 18 A. Until I have signed on something, 19 it is not my opinion. 20 Q. So you would not have told 21 Morrison & Foerster before June 7th that your 22 expert opinion with respect to the aggregate 23 collateral losses was a specific number? 24 A. That is not -- that is not true. 25 Q. Well, what is?</p>	<p style="text-align: right;">Page 181</p> <p>1 R. D'VARI 2 A. As I said, people talk estimates 3 and exchange estimates or speak about it. 4 But it is not final until it is final. 5 Q. When was the first time you 6 exchanged an estimate? 7 A. I don't recall. 8 Q. When in relation to June 7th, a 9 day before, two days before, the day you got 10 hired? 11 A. You have to recognize NewOak does 12 this analysis. We are setup to do the 13 analysis. We do hundreds and thousands of 14 CUSIPS and trusts. Our process is fairly 15 standardized and it is independent and 16 individual case. So this particular case 17 would not have been much different than that. 18 And when we run the analysis, we -- I think 19 there is a lot of discussions on other 20 things, but I don't exactly remember if it 21 was 6th or the 5th or a few days, you know, 22 in between those numbers. But that 23 essentially would have been the -- sometime 24 in between those two half point, we would 25 have had preliminary analysis done already.</p>

<p style="text-align: right;">Page 182</p> <p>1 R. D'VARI</p> <p>2 Q. Is it possible that you would 3 have expressed at least your estimates of 4 your conclusions in May?</p> <p>5 A. In May, no.</p> <p>6 Q. Okay.</p> <p>7 A. Not before we were engaged. Not 8 at the time of engagement. None of that 9 stuff.</p> <p>10 Q. Okay. Just a few followups on 11 the FGIC work that you guys did. Have you 12 been paid for that work?</p> <p>13 A. Yes, we have.</p> <p>14 Q. Okay. When were you paid?</p> <p>15 A. As we worked.</p> <p>16 Q. Has anybody at NewOak, as far as 17 you know, worked for any of the trustees on 18 the trusts that are in the schedules to 19 D'Vari Number 5?</p> <p>20 A. I can't tell. I don't know.</p> <p>21 Q. What about indentured trustees on 22 any securities issued by those trusts?</p> <p>23 A. I don't know.</p> <p>24 Q. And what about holders of 25 securities or certificates in the trusts?</p>	<p style="text-align: right;">Page 183</p> <p>1 R. D'VARI</p> <p>2 A. I don't know.</p> <p>3 Q. When did you advise debtor's 4 counsel that you had worked for FGIC in 5 connection with the 47 trusts?</p> <p>6 MR. LAWRENCE: I will let you -- 7 you can testify as to the timing of 8 the conversation with counsel but not 9 the substance of the conversation with 10 counsel. So his question was when.</p> <p>11 A. When did I highlight that I had 12 worked previously for FGIC?</p> <p>13 Q. Yes.</p> <p>14 A. We never state that we've worked 15 with something. You know, we typically, 16 initially, highlight that there may be a 17 conflict or not conflict and so on and so 18 forth. It would be sometime during the 19 initial discussions of our engagement letter.</p> <p>20 Q. So you believe that you told 21 Morrison & Foerster that you had worked for 22 FGIC in connection with the 47 trusts prior 23 to executing the engagement letter?</p> <p>24 MR. LAWRENCE: I don't want you 25 to testify about the substance of</p>
<p style="text-align: right;">Page 184</p> <p>1 R. D'VARI</p> <p>2 conversations, but, Chris' question is 3 loaded with substance of conversation. 4 But if you want to answer as to a 5 timing of when prior work was 6 discussed, you can do that.</p> <p>7 A. It became apparent but not 8 necessarily, you know, directly a statement. 9 I am sorry, there is a public document that 10 is already out there that is one of the 11 exhibits that NewOak has prior to, to this. 12 It is public information, which is not a 13 confidential as to the fact that NewOak has 14 worked for FGIC at some point. So we had 15 raised that as something that needs to be 16 valued.</p> <p>17 Q. Did you raise that before or 18 after the execution of the retention letter?</p> <p>19 A. No, it wasn't after. It was not 20 after.</p> <p>21 Q. So you raised it before?</p> <p>22 A. Yes.</p> <p>23 Q. In your Declaration, Paragraph 2, 24 let me clear up some things. Mr. Baio was 25 asking you about the questions, the aggregate</p>	<p style="text-align: right;">Page 185</p> <p>1 R. D'VARI</p> <p>2 amount of the claims released by the FGIC 3 trustees.</p> <p>4 A. Yes.</p> <p>5 Q. In your testimony that was, as I 6 understand it, claims both against the 7 debtors and claims against FGIC, right?</p> <p>8 A. Again, I am not -- I haven't 9 studied the exact settlements. For us, this 10 is the aggregate amount that the trustee had 11 claimed. I don't know from who and when and 12 what. That's a legal question. All we are 13 saying, if that's the total aggregate, that 14 is an if, we don't know whether that is or 15 not, it is a given number, then you subtract 16 that number from the non-wrapped FGIC -- 17 sorry, non-wrapped bonds by FGIC, you get to 18 this number which, if it is released, that 19 would be the number. It is a simple math.</p> <p>20 Q. Right. I want to be clear. You 21 didn't review any of the FGIC insurance 22 policies, did you?</p> <p>23 A. No.</p> <p>24 Q. So you're not opining that the 25 FGIC trustees could make a claim under those</p>

<p style="text-align: right;">Page 186</p> <p>1 R. D'VARI 2 policies in the amount of \$5 billion? 3 A. Absolutely not. 4 MR. BAIO: Object to the form. 5 Q. You didn't look at any of the 6 individual reps and warranties that any of 7 the debtors made? 8 A. No. 9 Q. Okay. 10 A. None of that are within the scope 11 of our opinion or we are not presenting any 12 opinion on that. 13 Q. Right. So you're not presenting 14 any opinion that that -- that the FGIC 15 trustees could present a valid claim under 16 any existing document in the amount of 17 \$5 billion against the debtors? 18 A. The answer to your question is 19 yes, we are not. That's a double negative. 20 Q. All right. 21 A. It is a single negative. Yes, we 22 are not saying that number represents 23 something we are opining on except the 24 difference of two numbers. 25 Q. So when you use the word claim</p>	<p style="text-align: right;">Page 187</p> <p>1 R. D'VARI 2 here, is it fair to say what you are saying 3 is the trustees could write that down on a 4 piece of paper as an amount that they could 5 claim they lost? 6 MR. LAWRENCE: Object. 7 MR. BAIO: Object to the form. 8 A. I go again, we are not saying 9 that this is a valid claim or not. We are 10 saying if that is the total number, they are 11 claiming, if, if they release that -- I mean, 12 if the rest of this and you subtract it from 13 our total, then that's the number you get. 14 But there is no other representation or 15 opinion attached to that number. 16 Q. Okay. And by the way, you're not 17 expressing any opinion as to which of the 18 debtor entities the trustees could assert a 19 claim of \$5 billion? 20 A. Absolutely not. 21 Q. All right. Or the priority of 22 what that claim would be? 23 A. Absolutely not. 24 Q. And you're not opining as to the 25 basis for any of those claims, for example,</p>
<p style="text-align: right;">Page 188</p> <p>1 R. D'VARI 2 you're not opining that they have fraud 3 claims? 4 A. Absolutely not. 5 Q. Which could -- okay. Or contract 6 claims? 7 A. That is true, I am not claiming 8 any of that. 9 Q. And you're not claiming that they 10 have valid alter ego or aiding and abetting 11 or piercing claims or anything else? 12 A. True, I am not claiming this. 13 Q. You used a valuation date of -- 14 or a date of June 1, 2003. 15 A. Right. 16 MR. BAIO: 2013. 17 Q. As the analysis date of? 18 MR. LAWRENCE: Just to clarify 19 the record, you said 2003 but I think 20 you mean 2013. 21 Q. 2013. 22 A. 2013, yes. 23 Q. Why do you use that date? 24 A. That was the recent date 25 available for us to do our analysis.</p>	<p style="text-align: right;">Page 189</p> <p>1 R. D'VARI 2 Q. Was that your decision or was 3 that an assumption which you were given by 4 counsel? 5 A. I don't necessarily recall but 6 that would be the natural date to pick, which 7 is the -- to not try to estimate something 8 that has already occurred. 9 Q. At any time in the preparation of 10 your report, did you consider using the 11 petition date that the debtors filed for 12 bankruptcy as the date on which you would 13 determine the amount of collateral loss? 14 A. No, because we were not asked to 15 do that. 16 Q. Would there be a variance in your 17 view, I'm not asking you to quantify the 18 variance, but would there be a variance in 19 your conclusions if you used a 2012 date for 20 your analysis versus using a 2013 date? 21 MR. LAWRENCE: Objection. 22 Objection. Calls for speculation. 23 Go ahead. 24 A. The petition date was what date? 25 Q. It was May 2012?</p>

<p style="text-align: right;">Page 190</p> <p>1 R. D'VARI</p> <p>2 A. From my point of view,</p> <p>3 absolutely, there is a huge, a time versus</p> <p>4 now is, you know, you are still in the</p> <p>5 housing downturn. Now you are in a housing</p> <p>6 upturn.</p> <p>7 Q. So it would be directionally</p> <p>8 going which way, if you moved it back to the</p> <p>9 petition date?</p> <p>10 A. Again, I do not want to speculate</p> <p>11 to the extent, you know, there are</p> <p>12 two things. Losses that occurred between</p> <p>13 that date until today and you need to</p> <p>14 consider that because those are actual now</p> <p>15 rather than estimated. In addition to that,</p> <p>16 you know, essentially, I would -- you know,</p> <p>17 these pools are highly seasoned. So they</p> <p>18 there would be some change and that would</p> <p>19 probably be improving or reducing the losses.</p> <p>20 Q. Okay. Did you review any proofs</p> <p>21 of claim filed by any creditors in the ResCap</p> <p>22 bankruptcy cases?</p> <p>23 A. No.</p> <p>24 Q. Were you asked to participate in</p> <p>25 any negotiations between the debtors and FGIC</p>	<p style="text-align: right;">Page 191</p> <p>1 R. D'VARI</p> <p>2 with respect to the Settlement Agreement?</p> <p>3 A. Absolutely not.</p> <p>4 Q. Did you even know that a</p> <p>5 Settlement Agreement was being negotiated at</p> <p>6 the time you were retained?</p> <p>7 A. No. At the time I was retained,</p> <p>8 yes, because we referred to it.</p> <p>9 Q. You referred to it in your</p> <p>10 report. I'm asking about when you were</p> <p>11 retained, which seems like two weeks earlier?</p> <p>12 A. Yes, but I think that</p> <p>13 discussion's from -- yes, we were aware of</p> <p>14 that.</p> <p>15 Q. At any time from your retention</p> <p>16 to the issuance of your report, did you</p> <p>17 express the view to Morrison & Foerster that</p> <p>18 you didn't have enough time to issue your</p> <p>19 report?</p> <p>20 A. No. Because that highlighted,</p> <p>21 this is a very typical exercise that we do</p> <p>22 and we are very well prepared for it and we</p> <p>23 have a team of 70 people and we have more</p> <p>24 than residential space as one of our top</p> <p>25 areas and we monitor this space. So, you</p>
<p style="text-align: right;">Page 192</p> <p>1 R. D'VARI</p> <p>2 know, looking at another 47 trusts, you know,</p> <p>3 at month end we probably look at, you know</p> <p>4 hundreds of them over a period of three days.</p> <p>5 Q. Sure. So I want to make</p> <p>6 perfectly clear the fact that you were</p> <p>7 retained two weeks prior to you issuing this</p> <p>8 report and doing 2 to \$300,000 worth of work</p> <p>9 was -- did not impact at all the quality of</p> <p>10 the work you were able do in that period?</p> <p>11 MR. LAWRENCE: Objection to the</p> <p>12 characterization.</p> <p>13 A. The seven-day in terms of</p> <p>14 analysis day for this is not something that a</p> <p>15 practitioner like myself or other qualified</p> <p>16 RMBS experts would consider actually a short</p> <p>17 time. They would not consider it a short</p> <p>18 time. Because when you trade these</p> <p>19 instruments on an instant basis, you are</p> <p>20 prepared. You are laid up. You will have</p> <p>21 all your tools ready. This is not</p> <p>22 something -- we are not foreign to this</p> <p>23 space. This is, you know, like asking the</p> <p>24 milk man to produce milk.</p> <p>25 Q. Is it your recollection now that</p>	<p style="text-align: right;">Page 193</p> <p>1 R. D'VARI</p> <p>2 your -- from the time of your retention to</p> <p>3 the issue of your report it was seven days, I</p> <p>4 think you said seven days in your answer?</p> <p>5 A. You are asking me to nail it</p> <p>6 down. But what I am saying is, it was</p> <p>7 relatively short.</p> <p>8 Q. Okay. I have nothing --</p> <p>9 A. Relatively within a 7 to 14 day</p> <p>10 kind of timeframe.</p> <p>11 MR. SHORE: No further</p> <p>12 questions.</p> <p>13 A. Not short for this work but from</p> <p>14 the standpoint of perhaps others.</p> <p>15 MR. SHORE: Okay. I have no</p> <p>16 further questions.</p> <p>17 MR. LAWRENCE: Anyone else have</p> <p>18 any further questions?</p> <p>19 MR. CARNEY: I just have</p> <p>20 one question, but I want to ask anyone</p> <p>21 from trustee's counsel if they have</p> <p>22 produced the work papers of</p> <p>23 Mr. D'Vari. I don't recall receiving</p> <p>24 them.</p> <p>25 MR. LAWRENCE: Let's go off the</p>

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1	R. D'VARI	
2	record.	
3	(Whereupon, at 2:13 p.m., the	
4	Examination of this Witness was	
5	concluded.)	
6	_____	
7	RON D'VARI	
8	Subscribed and sworn to before me	
9	this _____ day of _____, 2013.	
10	_____	
11	NOTARY PUBLIC	
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4	EXHIBITS	
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6	EXHIBIT	EXHIBIT
7	NUMBER	DESCRIPTION
8	Exhibit 1	Home Price Index Used In Analysis
9	Exhibit 2	Index Parameters Used In Analysis
10	Exhibit 3	Import to Analysis
11	Exhibit 4	Affidavit of Michael W. Miller in Further Support of the First Amended Plan of Rehabilitation
12	Exhibit 5	D'Vari Declaration Regarding 9019 Motion
13	Exhibit 6	Gary C. Holtzer's Affirmation in Support of the Settlement Agreement in the Rehabilitation Court
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1 WITNESS ERRATA SHEET

2 Witness Name: Ron D'Vari

3 Case Name: In Re: Residential Capital

4 Date Taken: July 25, 2013

5 Page #____ Line #____

6 Should Read: _____

7 Reason for Change: _____

8 Page #____ Line #____

9 Should Read: _____

10 Reason for Change: _____

11 Page #____ Line #____

12 Should Read: _____

13 Reason for Change: _____

14 Page #____ Line #____

15 Should Read: _____

16 Reason for Change: _____

17 Page #____ Line #____

18 Should Read: _____

19 Reason for Change: _____

20 Witness Signature: _____

Deposition Errata Sheet

In re Residential Capital, LLC, et al.,
Case No. 12-12020(MG)

Deponent: Ron D'Vari
Deposition Date: July 25, 2013

Citation	Testimony
9:22-25	A. Meaning things are I mean not conforming, Freddie and Fannie guaranteed bonds. Anything such as Alt A, sub-prime and non-agency mortgages.
10:2	and/or one of the Government Sponsored Entities guarantees,
12:2-5	A. My analysts as well as my associates and managing directors that have been involved and used in my normal course of work.
12:19	P-I-E-K-T-A Haroed <u>Haroon Jawadi</u> . For some reason I am
13:21	A. No. We're <u>We were</u> actually working on
15:19-21	the – effectively you are looking at index index Intex parameters that were used in our analysis.
18:6-9	A. Sure. When <u>We</u> perform an analysis on a particular CUSIP that work on that and that depends on the number of parts set up, we get paid essentially a fixed fee on that.
22:13	MR. CARNEY LAWRENCE: You shouldn't
22:16-18	A. Essentially, <u>the</u> subject matter was something that we're tight qualified to deal with and <u>we</u> were asked to answer some questions and we
25:11	I don't know <u>the</u> exactly.
32:24	assignment within. I have been instructed by
45:2-6	question for a yes or no. Because I am under I am not going to be, just for your information, I am not going to, you know I am under a confidential confidentiality agreement.
48:8	A. Not <u>that I'm</u> aware of.
48:18	A. I have no information <u>past post</u>

Citation	Testimony
50:18-21	A. I am providing opinion within the boundaries of what -- I have been instructed to calculate certain things and I have calculated irrespective of them <u>how they are used</u> .
52:14-19	A. Yes. I am here to offer you -- I was offering, essentially, answering to two questions., One, both related to a lifetime expected losses. One relates to the collateral underneath certain trusts, and, <u>the second</u> , was the lifetime losses related to
53:25	<u>insuree issuance</u> to the date of the analysis.
55:20-21	Would you rather me to <u>read</u> verbatim?
58:3-4	A. I've not been privileged for <u>privy</u> to that
59:16-19	A. Broad question but I will answer. Primarily Intech Intex. We also used MBS data, which is MBS data. We then use our own economic forecasts.
69:21	A. There is <u>are</u> 106 or <u>7</u> <u>107</u> , I don't
71:8-16	A. Only -- of the trusts themselves or the tranches? Yes, we have looked at all of these. But not as it relates to Question 1. But, again, the answer is all of them as far as looking at bonds -- I have to be very careful. The Question 1 is not really <u>relates</u> <u>related</u> to that assignment. What we are talking about is <u>that</u> our work is tranche based.
73:9-12	A. Correct. In some cases, Well, in no cases <u>the</u> trusts are <u>not</u> insured. But there could be situations where all bonds, <u>certificates</u> that are issued are insured.
74:19	index, that's an <u>import</u> <u>output</u> that is derived by
76:25 - 77:2-3	trustee, collected by Intex, and effectively reads presenting that back to -- so those are the actual numbers reported to <u>by the trustee</u> .
80:13	A. Correct. You won't <u>peel</u> <u>pull</u> that
81:10	and RMBS data and our assumptions to get to
82:2-6	Intex expects: as of the analysis date, forward looking, voluntary prepayments, forward looking essentially default rates and forward looking severities, combined with interest, term structure as of time of analysis.

Citation	Testimony
83:14-21	A. Again, <u>it</u> varies in details but —and the shape and their form is effectively predicting collateral prepayments, collateral defaults, collateral severity rates, —converting those to—in this particular case, you are looking at the underlying collateral itself not necessarily the tranches. And that would be standard.
84:11-12	A. Again, it varies in form . Typically in the marketplace. But you have
84:24	at ultimate cumulative loss, and that varies in
85:9-22	A. They're are, in Exhibit 3, —and the information, again, repeatedly are done for let me actually see whether there are two dates, but ultimately, they apply to, as relative to the trust that they are in. So A trust may have multiple tranches, but the same assumption will be used for every single bond within that trust, and they would be under there are no column headings. I mean the Column A, B, C, D. But there is a prepay rate default and those would be numbers that you can see. Vector They are not printed fully here but would be <u>have been</u> provided in Excel sheet format.
86:2-9	A. No. I think we have highlighted our macro. We have highlighted the specific run, which is, that's Exhibit 2, based on <u>actually</u> , that use those ultimately, the information that is provided in Exhibit 3, that goes into . The interest rate is obviously, If you run Intex with these inputs, you should be able to get similar answers.
88:20	believe <u>are</u> the most important factors for RMBS.
89:3	amount of supply and <u>we</u> also use what is called
89:6-7	subjective, not an objective parameter, that considers to be able to track its forecast
89:12	actually performed <u>analyze</u> for our clients on a
89:20	in the marketplace as <u>a</u> market observer and
91:17-25	A. That's a <u>That includes</u> research reports that we get from Street firms, and the number of them <u>they</u> are numerous. And we also actually look at the performance that we have seen on —NewOak subscribes to MBSData, to which NewOak subscribes. MBSData was not as specifically applied, you know, in this run analysis, but there are the performance and surveillance that we get from those <u>MBSData</u> would highlight to us, for example, how the housing
92:2	market is working because of the <u>severity severities</u>

Citation	Testimony
96:12	used <u>analyzed</u> using NewOak's evolving methodology.
96:15-17	A. Same Yes – it would have been using the macro information from NewOak's. It would have <u>used</u> and ultimately getting to these
103:13	mortgage loan losses that underneath – which
106:12	that in my calculation, in my head.
107:25	claims by non-wrapped bonds, subtracted by <u>from</u>
108:3-4	that this amount is what it <u>is</u> potentially could be released.
108:6	A. Yes, 5.001, <u>approximately</u> 5 billion.
108:9	A. No, 54 <u>approximately</u> 5.4 billion is total collateral.
111:7-8	A. I am saying it is a conservative number. <u>No</u> .
111:10-12	A. Again, that's not the subject of my opinion, but that's a side derived number from that .
115:10-11	take – you subtract <u>from</u> the total collateral loss from the interest in the tranches that
115:16	A. <u>Correct</u> . <u>Okay</u> .
116: 25	A. <u>3.67</u> <u>billion</u> .
119:4	A. <u>Objection</u> , <u>No</u> , I think you're
119:8	claims is a very complex and it requires
119:11-12	not one that I have done and it is not done., what I attempt here today .
119:20	claims may be X and <u>we</u> subtracted non-wrapped
125:4-6	A. In reference to what? There is a totality of the concentration that I am not aware of ; what bonds we are looking at, what
129:4	specifically did the work <u>on this engagement for the debtors</u> , have not been
129:17	A. And he was also not involved <u>with the prior work for FGIC</u> .
133:17	A. If <u>In</u> every timeframe post crisis to

Citation	Testimony
134:3	different position. Weeks Greece was in a different
134:9-10	what <u>is already in</u> Intex and everybody has. What is not common is how <u>the</u> environment is changed
135:10-11	A. I can comment on our methodology in general <u>but not in the</u> context of anything else. Our
135:17	A. Again, I am not making <u>any</u> comment
136:24-25	works, you need to look at <u>it</u> on the forecast basis, which I <u>talked spoke</u> to. <u>On</u> a forecast basis
138:3-4	A. I have provided you what we <u>arrived relied</u> on. The analysis is very blind. It
143:3	A. Not in <u>details detail</u> .
144:6	settlement <u>and my analysis</u> .
144:10	By <u>the</u> counsel, which was represented as part
145:9	A. From <u>primarily the</u> counsel.
145:24	A. <u>It</u> references those.
146:2-3	A. <u>That is not</u> really something that we needed to know.
148:2	I assume that's a three way <u>arrangement</u> . Now, please ask.
149:8	actualities, <u>it</u> talks about the potential size
149:19	A. <u>No.</u> - <u>Yes.</u>
152:19	A. <u>Yes.</u> <u>I don't know.</u>
153:14-18	wrapped potential losses, which <u>we also calculated, and then subtracted, if you subtract those two numbers, you effectively</u> — and if they are released by the trustee is specifically saying then they will release everything.
153:21	the non-wrapped portion, it is a simple
153:25	they do that. It is a mathematical, not an
156:12	everything else is a very mechanical process
159:7	assessment of what <u>the future has holds</u> and then apply

Citation	Testimony
159:14-15	A. Correct, And on the forecasted portion.
159:20	you need to have information on, which is
161:8	A. It is a <u>They are</u> driving elements.
162:13-14	As of April 2013. So <u>it</u> predates our analysis for, or even being contacted by, the debtors.
164:6	there are 036 <u>X-axis markings 0, 3, 6 months.</u> These are effectively as of
165:4	<u>testimonies economics</u> and other things.
167:21	A. No, those are denomininal numbers.
173:17	and then by Morrison, ultimately.
174:3-4	A. <u>Somewhere in between.</u> I mean, <u>essentially between those dates, yes. I don't recall.</u>
179:21-22	A. Probably around 300,000 or 200,000. <u>Somewhere or that's—</u>
180:3-4	A. <u>Yes, when we actually have—we have already been</u> <u>While we were</u> drafting.
181:21-24	was 6th or the 5th or a few days., you know, in between those numbers, But that essentially would have been the—sometime in between those two half points, we would
183:15	with <u>something someone</u> . You know, we typically,
184:11-12	exhibits that <u>says</u> NewOak has <u>worked for FGIC</u> prior to, to this. It is public information, which is not a
184:15-16	raised that as something that needs to be <u>valued evaluated</u> .
185:15-19	not, it is a given number, then you subtract <u>from</u> that number from the non- wrapped FGIC —sorry, non-wrapped bonds not wrapped by FGIC, and you get to this number which, if it is released, that would be the number. It is a simple math.
186:10-11	A. None of that are—is within the scope of our opinion or <u>so</u> we are not presenting any
187:11-13	claiming, if, if they release that —I mean, if the rest of this and you subtract it from our total except for the part we subtract, then that's the number you get.
188:24	A. That was the <u>most</u> recent date

Citation	Testimony
190:3-5	absolutely, there is a huge <u>difference from that</u> , a time versus now <u>is</u> , you know, <u>then you are were</u> still in the housing downturn. Now you are in a housing
191:7	A. No. At the time I was retained,
191:20-25	A. No. Because <u>that highlighted</u> , this is a very typical exercise that we do and we are very well prepared for it and we have a team of 70 people and <u>we have more the than</u> residential space <u>as is</u> one of our top areas and we monitor this space. So, you
193:13-14	A. The seven-days in terms of analysis <u>day time</u> for this is not something that a

Date:

8/6/2013

Signed:


Ron D'Vari